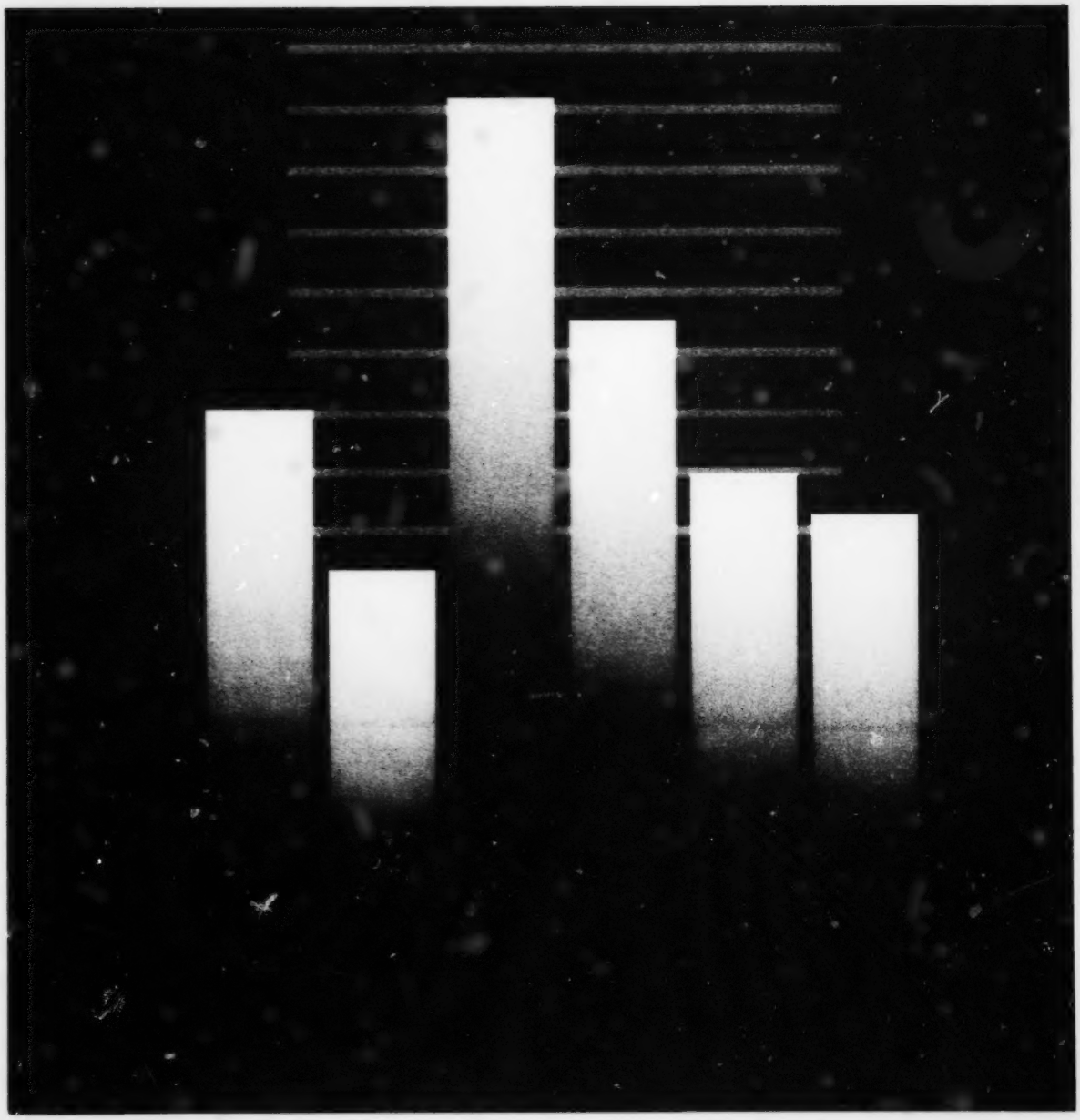
Revenue Canada Taxation
Revenu Canada Impôt

1988 - 89

Inside Taxation



Canada

Inside Taxation is one of the means Revenue Canada, Taxation uses to inform the public about tax administration. The publication provides a general explanation of departmental policy and the tax legislation on which it is based, assessment and collection methods, the responsibilities of taxpayers under the law and the departmental services available to them. This edition also provides a record of operations within the Department throughout calendar year 1989, fiscal year 1988-89 and historical year 1987.

Copies of this publication may be obtained from district offices or the Communications and Consultations Branch, Revenue Canada, Taxation, 875 Heron Road, Ottawa, Ontario, Canada, K1A 0L8.

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This publication contains general explanations and statements only. To obtain official statements or explanations of departmental policy and procedures, please contact your district office. To obtain official statements of the applicable law, please consult the Income Tax Act, the Unemployment Insurance Act, the Canada Pension Plan and their related Regulations.

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Inside Taxation

Inside Taxation is an introduction to Canada's tax system. It explains the roles and responsibilities of Revenue Canada, Taxation and how the Department operates. Its subjects include rights and responsibilities of taxpayers, assessment and collection methods, and departmental services. As well, the publication discusses significant developments during the period under review.

This edition of *Inside Taxation* covers the years 1988 and 1989, a time of many changes, not the least of which was tax reform.

I am proud of my Department's achievements during this period, particularly the many improvements in service to the public. I am proud too of the Department's ongoing commitment to fair practices and open and accessible procedures.

I hope that, after reading this publication, you understand Canada's tax system better and how Revenue Canada, Taxation strives to make it one that serves all Canadians.

Otto Jelinek

Otto Jelinek, P.C., M.P.,
Minister of National Revenue

Contents

Introduction 6

1 **Our system of taxation**
Benefits to all 9
Making and applying tax laws 9
Self-assessment 9
The role of Revenue Canada, Taxation 10
Integrity, impartiality and confidentiality 10
The Declaration of Taxpayer Rights 11
Historical Note 12

2 **Assistance to taxpayers**
Bilingual services 15
Enquiry service 16
The district office 16
The seasonal tax assistance centre 16
The taxation centre 16
Extended telephone hours 17
Enhanced counter services 17
Assistance to the hearing-impaired 17
Assistance to the visually-impaired 17
Information about charities 18
Problem Resolution Program 18
Publications 19
Alternative formats 19
Technical publications 19
Advance income tax rulings 19
Partial list of publications 21
Tax guides 21
Tax brochures 21
Charities brochures 21
Public affairs staff 22
Media information 22
Community Volunteer Program 22
Native Peoples Outreach Program 23
Teaching Taxes 23
Rural Tax Scene kit 23
Films and videos 23

3 **What's new**
Tax reform 25
1988 Guides and returns 26
Reporting the social insurance number 26
Taxpayer education 27
Small Business Employers' kit 27
Reducing paperwork 27
Automated services 27
T.I.P.S. 28
T.I.P.S. Telerefund 28
T.I.P.S. Info-Tax 28
T.I.P.S. Advanced Child Tax Credit 28
Online Reassessment Program 28
Appeals Information Reporting System 28
Automated Collection System 29
Public Enquiries Information Bank 29
Online Taxpayer Correspondence System 29
Electronic filing 29

4 **How taxes are collected**
Source deductions 31
Instalment payments 32
Individuals 32
Farmers and fishermen 32
Corporations 32
Interest 33
Collection of tax arrears 33
Non-residents 33
Canadians living outside Canada 34
Tax guides and services 34
Tax treaties 35
Reciprocal agreements 35

5 **Tax returns and how they are processed**
Individuals 37
Corporations 38
Trusts 38
Processing T1 returns 38

6 **Canada Pension Plan and Unemployment Insurance**
Canada Pension Plan 41
Employees 41
Self-employed individuals 41
Unemployment Insurance 42
Assistance to employers and self-employed individuals 43

7 **New rate structure**
Non-refundable tax credits for 1989 45
Amounts for dependent children 45
Refundable tax credits for 1989 45
Provincial income taxes 45
Individuals 46
1989 Provincial individual income tax rates 46
Corporations 47
1989 Provincial corporate income tax rates 47

8 **Compliance**
Promoting compliance 49
Compliance programs 50
Field audit program 50
Examination program 51
Delinquent action program 51
Source deductions program 51
Special investigations program 51
Compliance research 51
Taxpayer records and files 52
Reassessments and penalties 53
Publicity 53
Voluntary disclosures 53
Tax planning 53

9 **Appeals**
First step: the district office 55
Notice of objection 56
Judicial review 56
Canada Pension Plan and Unemployment Insurance 56

10 **Taxation's organization**
Employment at Revenue Canada, Taxation 60
Head Office 61
District offices 61
Seasonal tax assistance centres 61
Taxation centres 61
Regional offices 61

11 **Statistics**
Statistical tables 63
Collections 63
Revenues and costs of collections 64
Net revenues from tax collections 64
Total costs of tax collections $ millions 64
Net cost to collect $100 of tax 64
Annual net collections of Revenue Canada, Taxation 65
Distribution of taxable Canadians according to total income 66
Total returns filed according to age and sex 68
General statement by province of all returns filed by individuals .. 68
All returns by occupation 69
Returns by selected cities 71
Federal government expenditures 74

Centre pullout section
Map of Revenue Canada, Taxation districts
Organization chart of a district office
Organization chart of Revenue Canada, Taxation
Revenue Canada, Taxation principal officers

Introduction

The end of a decade is a natural time for both reflection and looking ahead. During the past year, Revenue Canada, Taxation has been doing both as it prepares to meet the challenges of the twenty-first century.

The increased use of tax legislation to accomplish the government's social and economic objectives, expands the Department's role and changes its relationship with the public. More than a tax collector, Revenue Canada, Taxation now mails out advance child tax credits to some 700,000 Canadians each November. It includes among its publics the thousands of people who now file tax returns not because they owe tax, but to claim child tax credits or federal sales tax credits.

Other factors have influenced the Department's relationship with the public. The Declaration of Taxpayer Rights, introduced in 1985, serves as a tangible expression of the Department's commitment to treat taxpayers fairly, courteously and with respect for their individual rights. Federal legislation on Access to Information and Privacy has given taxpayers important guarantees regarding the confidentiality of personal information on government files while providing easier access to non-personal information.

Taxes-in-dispute legislation which took effect in January 1985 guarantees taxpayers the right to a fair hearing before being required to pay taxes they dispute. All of these measures, based on respect for individual rights, have been important in creating a more open, service-oriented approach to taxpayers.

Faced with the government's restraint program, Revenue Canada, Taxation looked for ways of improving productivity while using fewer resources. The result has been a blend of service improvements and cost savings. Technological innovations in almost every area of the Department have not only limited costs but brought faster, more efficient service to the public. Examples include Telerefund, an automated telephone service for refund enquiries; the Public Enquiries Information Bank, an automated text retrieval system for staff working on telephones and information counters; an on-line taxpayer contact system that allows personalized contact on problems or errors made on tax returns; and the on-line reassessment program that allows assessors to automatically process taxpayer reassessments.

More recently, the introduction of phase one of tax reform brought fundamental change to the way tax is calculated, pushed the Department's systems capability to the limit and challenged staff to meet increased demands from a public unfamiliar with the new system.

The Department responded with improved service and a better understanding of the needs of taxpayers. It built on proven successes, like the Seasonal Tax Assistance Centres, the Community Volunteer Program, the Problem Resolution Program and extended hours of service. It added new community outreach programs, called Enhanced Counter Services; it added an evening telephone service and it re-designed and simplified its tax guides.

The Department intensified its communications efforts. It sought and received funding to conduct a national public awareness campaign to alert taxpayers to the changes and where to get help.

In line with a new Government Communications Policy introduced in 1988, the Department undertook a research program to identify the needs of its various target audiences. Through focus group discussions with small businesses, tax practitioners, senior citizens, students and other individual taxpayers, the Department is now better positioned to know and meet their needs in future.

Other independent research studies were undertaken to measure the level of satisfaction with existing services, to monitor the accuracy of answers and the courtesy of enquiry service staff, and to test whether various forms and guides are "user friendly." Results are fed into planning for service improvements.

Building co-operation and partnership with other professionals in the tax community is important for the health of the tax system. The Department has been exploring new ways of working with tax practitioners and preparers in achieving common goals. In 1990, the Department will undertake a pilot project with two tax preparation firms to explore the possibilities of electronic filing as an alternative to the need for filing a return on paper.

What lies ahead? More demands, more change, more challenges. At the beginning of 1989, directors from across the country met to reflect on the organization and its future direction. Out of this brainstorming session, the Corporate Development Initiative emerged. A series of internal task forces were established to study the priority issues which were identified by directors as impeding progress towards the "ideal" tax administration for the future. Their recommendations will form a blueprint for action to guide the Department in the next decade and beyond.

Part of the work of the Corporate Development Initiative is the development of a mission statement and operating principles. Key to discussions has been the importance of maintaining the balance between the Department's service role and its role in protecting the integrity of the tax system through its compliance efforts. As administrator of the tax system, Revenue Canada, Taxation is conscious of the need to be able to assure all Canadians that they are paying their fair share of tax – no more, no less.

Moving into the 1990s and beyond, the Department is preparing to bring further improvements to its services, to stress due process and compliance in a changing economy, to facilitate self-assessment through technological and productivity improvements, and to reduce paper burden whenever possible.

The success of Revenue Canada, Taxation will be measured in future by how well it meets the standards of service established by its publics, by how efficiently it delivers government programs, and by the health of a system based firmly on voluntary compliance with the law.

1

Our system of taxation

Benefits to all

Many of the benefits we enjoy – and even take for granted – in our modern society are made possible through taxes. Canada's tax system pays for roads, public utilities, schools, health care, economic development, cultural activities, defence and law enforcement, to name a few examples. Tax revenue helps redistribute wealth; among the beneficiaries are lower-income families, charities, students, retirees and persons with disabilities. Tax money provides universal social services such as the payment of Old Age Security benefits, Unemployment Insurance benefits and family allowance payments. It also offers incentives to businesses, large and small, and boosts the economy in various other ways.

Making and applying tax laws

Canada's system of taxation evolved over many years to accommodate the needs of an increasingly complex society. But the guiding principle has always been the same – namely, that our elected Parliament must have ultimate control over tax legislation.

The Minister of Finance proposes changes in the government's tax policy through new budgets tabled in Parliament. The reasons behind such changes in tax law are explained in budget documents issued by the Department of Finance. After Parliament debates and approves the legislation, it becomes law.

The Department of Finance initiates tax policy. Parliament passes laws. Revenue Canada, Taxation administers these laws. Thus, Revenue Canada, Taxation is the means for carrying out the wishes of Parliament concerning tax legislation.

Self-assessment

Although there are various forms of taxation in Canada, a key one is income tax, which is levied on both individuals and corporations. The basis of income tax collection in Canada is self-assessment. This means that Canadian taxpayers have the right and the responsibility to verify their income tax status each year and to ensure that they pay tax according to the law. The self-assessment system, also used in the United States, Australia and New Zealand, is considered the most economical and efficient method of taxation. Relying on the integrity of the majority of taxpayers, the self-assessment system requires relatively little government machinery to implement.

On a tax return, taxpayers list facts about their income and expenses so that they and the Department can calculate the share of taxes they must pay. In this way, taxpayers make sure that they receive fair and equal treatment under the Income Tax Act.

In many cases, employers deduct income tax from the pay of their employees. Nevertheless, employees still file returns to ensure that they have paid the required amount – no more, no less.

The role of Revenue Canada, Taxation

Revenue Canada, Taxation's mandate can be summarized as follows:

- To collect the taxes, Canada Pension Plan contributions and Unemployment Insurance premiums imposed under the law by encouraging voluntary compliance and by deterring tax evasion and tax avoidance; and

- To maintain public confidence in the integrity of the tax system by administering tax and related legislation in a fair and professional manner.

The Department collects individual taxpayers' federal income tax as well as their provincial and territorial taxes in all provinces and territories except Quebec, in accordance with tax collection agreements between the federal, provincial and territorial governments. It also collects federal and provincial corporate taxes on behalf of all provinces and territories except Ontario, Quebec and Alberta.

Integrity, impartiality and confidentiality

A self-assessment system can work only when taxpayers understand and readily comply with the law. Revenue Canada, Taxation recognizes its responsibility to provide taxpayers with information, assistance and service to encourage such compliance. It also recognizes the importance of maintaining public confidence in the integrity and impartiality of the system.

Revenue Canada, Taxation employees are expected to apply the Income Tax Act's provisions fairly, uniformly and courteously. Since the Department is responsible for collecting all income tax due, it conducts random audits or inspections of returns. These audits ensure that all taxpayers pay their fair share. The right of taxpayers to expect that any information they supply will be held in confidence is one of the underlying principles of the Canadian tax system, and it is a right that is stringently guarded within the Department.

The Declaration of Taxpayer Rights

The Declaration of Taxpayer Rights was announced in February 1985. The declaration is a consolidation of taxpayer rights found in the Canadian Charter of Rights and Freedoms, in statutes and in common law. In itself, it is not a legal document, but it does summarize the most important rights concerning the fair treatment of Canadians as taxpayers. The declaration is as follows:

Revenue Canada Taxation / Revenu Canada Impôt

DECLARATION OF TAXPAYER RIGHTS

THE CONSTITUTION AND LAWS OF CANADA ENTITLE YOU TO MANY RIGHTS THAT PROTECT YOU IN MATTERS OF INCOME TAX. YOU ARE ENTITLED TO KNOW YOUR RIGHTS. YOU ARE ENTITLED TO INSIST ON THEM. YOU ARE ENTITLED TO BE HEARD, AND TO BE DEALT WITH FAIRLY.

HELPING YOU EXERCISE YOUR RIGHTS REMAINS AN IMPORTANT ROLE OF THE STAFF OF NATIONAL REVENUE TAXATION AT ITS DISTRICT OFFICES AND OTHER LOCATIONS. FAIR TREATMENT OF A COMPLAINT IS ONE OF YOUR GREATEST RIGHTS.

Canada

FAIR TREATMENT IN ALL DEALINGS WITH NATIONAL REVENUE TAXATION MEANS IMPORTANT RIGHTS TO:

Information
You are entitled to expect that the Government will make every reasonable effort to provide you with access to full, accurate and timely information about the Income Tax Act, and your rights under it.

Impartiality
You are entitled to an impartial determination of law and facts by departmental staff who seek to collect only the correct amount of tax, no more and no less.

Courtesy and Consideration
You are entitled to courtesy and considerate treatment from National Revenue Taxation at all times, including when it requests information or arranges interviews and audits.

Presumption of Honesty
You are entitled to be presumed honest unless there is evidence to the contrary.

FAIR TREATMENT UNDER THE CONSTITUTION AND LAWS OF CANADA INCLUDES IMPORTANT RIGHTS TO:

Privacy and Confidentiality
In addition to other constitutional and legal rights, you have a special right that personal and financial information you provide to National Revenue Taxation will be used only for purposes allowed by law.

Independent Review
You are entitled to object to an assessment or reassessment if you think the law has been applied incorrectly. To protect this right, you must file your objection within 90 days of the assessment or reassessment. Filing an objection will start an independent review by departmental appeals officers. If they don't resolve the matter to your satisfaction, they will explain how you can appeal to the courts.

An Impartial Hearing Before Payment
Until you have had an impartial review by the Department or a court, you may withhold amounts disputed in formal objections filed after January 1, 1985. If you appeal to a higher court, you will be able to provide equivalent security instead of paying those disputed amounts.

Certain exceptions, set out in legislation to guarantee these rights, are applicable to frivolous appeals to the courts, or where collection is clearly in jeopardy.

Bilingual Services
The Official Languages Act gives you the right to communicate with and receive services from National Revenue Taxation in either official language.

YOU ARE ENTITLED TO EVERY BENEFIT ALLOWED BY THE LAW

You have a right to arrange your affairs in order to pay the minimum tax required by law. You can also expect your government to administer tax law consistently, and to apply it firmly to those who try to avoid paying their lawful share.

Historical Note

Until World War I, the federal government financed its operations through indirect taxes, customs duties and excise taxes. Taxation of income was introduced in 1917 to help the war effort, and evolved into a system whereby private and corporate citizens contribute a part of their resources to support the needs of society as a whole.

The Department of National Revenue (now known as Revenue Canada) was established in 1927. It has two components: Taxation, and Customs and Excise.

The Ministers of National Revenue

The Department of Finance (April 1915)

	Appointed
The Honourable Sir William Thomas White	April 1915
The Honourable Sir Henry Lumley Drayton	August 1919
The Right Honourable William Stevens Fielding	December 1921

The Department of Customs and Excise (August 1924)

The Honourable Jacques Bureau	August 1924
The Honourable Georges-Henri Boivin	September 1925
The Honourable Henry Herbert Stevens	June 1926
The Honourable William Daum Euler	September 1926

The Department of National Revenue (March 1927)

	Appointed		Appointed
The Honourable William Daum Euler	March 1927	The Honourable Edgar John Benson	June 1964
The Honourable Edmond Baird Ryckman	August 1930	The Honourable J.J. Jean Chrétien	January 1968
The Honourable Robert Charles Matthews	December 1933	The Honourable J.J. Jean-Pierre Côté	July 1968
The Honourable James Earl Lawson	August 1935	The Honourable Herbert E. Gray	September 1970
The Honourable James Lorimer Ilsley	October 1935	The Honourable Robert Stanbury	November 1972
The Honourable Colin William George Gibson	July 1940	The Honourable S. Ronald (Ron) Basford	August 1974
The Honourable James Angus MacKinnon (acting minister)	March 1945	The Honourable J.S.G. (Bud) Cullen	September 1975
The Honourable David Laurence MacLaren	April 1945	The Honourable Monique Bégin	September 1976
The Honourable James Angus MacKinnon (acting minister)	July 1945	The Honourable Joseph-Philippe Guay	September 1977
The Honourable James Joseph McCann	August 1945	The Honourable Anthony C. Abbott	November 1978
The Honourable George Clyde Nowlan	June 1957	The Honourable Walter D. Baker	June 1979
The Honourable Hugh John Flemming	August 1962	The Honourable William H. Rompkey	March 1980
The Honourable John Richard Garland	April 1963	The Honourable Pierre Bussières	September 1982
The Honourable George James McIlraith (acting minister)	March 1964	The Honourable Roy MacLaren	June 1984
		The Honourable Perrin Beatty	September 1984
		The Honourable Elmer MacKay	August 1985
		The Honourable Otto Jelinek	January 1989

The Deputy Ministers of Revenue Canada, Taxation

The Department of Finance (April 1915)

	Appointed
Robert Walker Breadner (Commissioner of Taxation)	May 1916

The Department of Customs and Excise (August 1924)

Robert Walker Breadner (Commissioner of Taxation)	August 1924

The Department of National Revenue (March 1927)

Chester Samuel Walters (Commissioner of Income Tax, Department of National Revenue)	April 1927
Colin Fraser Elliott (Commissioner of Income Tax, Department of National Revenue)	July 1932
Colin Fraser Elliott (Deputy Minister of National Revenue for Taxation)	July 1943

	Appointed		Appointed
Frank Herbert Brown	December 1946	Elgin B. Armstrong	September 1971
Vincent William Thomas Scully	February 1948	Dr. John S. Hodgson	December 1974
Charles Gavsie	August 1951	Bruce A. MacDonald	July 1977
John Gear McEntyre	July 1954	H.G. Rogers	April 1984
David H. Sheppard	November 1966	Pierre Gravelle	August 1987
Sylvain Cloutier	March 1970		

2

Assistance to taxpayers

Revenue Canada, Taxation recognizes that taxpayers cannot comply with the law unless they know and understand what is expected of them. The Department continually strives to make the process as clear and simple as possible to all Canadians, whatever their backgrounds or special needs. To this end, the Department offers a variety of services and publications that help Canadians fill out their tax returns. During the 1989 filing season, the Department made special efforts to ensure that taxpayers understood the changes brought about by tax reform.

Bilingual services

The Department offers all its services in both English and French to Canada's 18 million individual taxfilers and 800,000 corporations across the country. All publications and forms are distributed in both official languages. Telephone, counter and correspondence services are also available in both languages throughout Canada.

The Department encourages anglophones in Quebec and francophones outside Quebec to request services and to complete their income tax returns in their first official language.

Enquiry service

The district office

The most convenient point of contact for taxpayers is one of the 37 district offices. District office employees provide information on the filing and status of returns and refunds, explain assessment notices and answer general tax questions through telephone and personal contact. Please refer to the inside back cover for the addresses and phone numbers.

The seasonal tax assistance centre

Seasonal tax assistance centres (STACs) operate across the country in various communities during the filing season. Set up in convenient locations such as shopping malls and public buildings, they supplement the service provided by district offices.

In 1989, these centres were open for periods varying from one day to up to two and one-half months preceding the April 30 deadline for filing individual tax returns.

At the seasonal tax assistance centres, district office personnel provide information and answer any enquiries taxpayers may have before they file their returns. The centres also stock most tax forms, guides and brochures. Services are offered in both official languages.

During the 1989 filing season, the Department operated 130 STACs in combination with the 37 district offices, which are open year-round. This meant that 167 locations offered face-to-face service during the season.

The taxation centre

The Department's seven taxation centres, where returns are processed and stored, answer correspondence directed to them and provide written explanations of assessments and answers about the processing of returns. Persons making enquiries will receive replies and explanations in their official language.

Enquiries answered from April 1, 1988 to March 31, 1989 by district offices, seasonal centres and taxation centres

at the counter	1,507,588
by telephone	
• general	6,915,415
• refund	1,206,493
by letter	38,592

Extended telephone hours

Bilingual public enquiries telephone service was extended in every district office during the 1989 filing season. From February 13 to February 28, lines were staffed for an extra hour, until 6 p.m., Monday to Thursday. During March and April the service was available until 9:00 p.m. (on an experimental basis), Monday to Friday, through toll-free numbers at seven sites across the country.

This annual extended-hour service makes it more convenient for taxpayers to get help in completing and filing their returns.

Because the dates for the extended hours change each year, taxpayers who wish to use this service should consult their General Tax Guide before telephoning.

Enhanced counter services

During the 1989 filing season, district offices also offered enhanced counter services. Staff assisted individual taxpayers directly in the preparation of their returns by guiding them through the tax return, line by line. Information sessions were organized for target groups – usually seniors, persons with T4-type income, and people filing only for the child tax credit or federal sales tax credit.

In a pilot project during the 1988 filing season, three district offices – Scarborough, Ottawa and Hamilton – served the public from remodelled counters designed by ergonomic experts. The new designs offer greater privacy and comfort, making the enquiry process more pleasant for both the public and the Revenue Canada employee.

Assistance to the hearing-impaired

Hearing-impaired taxpayers with access to a Telephone Device for the Deaf (TDD) can obtain tax information and assistance by calling a centralized, bilingual enquiry service at 1-800-665-0354. This service is regularly available weekdays from 8:15 a.m. to 5:00 p.m. Central Time, with extended hours offered during the filing season. The extended TDD service follows the same schedule as regular extended telephone service.

Assistance to the visually-impaired

In January 1989, the Department established a central toll-free bilingual telephone service for the visually-impaired. By dialing 1-800-267-1267 weekdays between 8:15 a.m. and 5:00 p.m. Eastern Time, visually-impaired callers can find out about special services available to them. Through this number they can also order guides and other publications in alternative formats (braille, large print or audio-cassette). Persons staffing the line inform callers of the Department's willingness to assist them complete their returns if they need help and provide details about the Community Volunteer Program.

Information about charities

A bilingual toll-free telephone service helps taxpayers with questions about registered charities and about contributions to registered Canadian amateur athletic associations, federal political parties and candidates in federal elections. The number, operated by the Department's Charities Division, is 1-800-267-2384. Callers in the Ottawa area can reach the Charities Division by dialing 954-0410. These numbers are accessible weekdays from 8:00 a.m. to 5:00 p.m. Eastern Time.

Individuals who wish to know simply whether an organization is registered as a charity should contact their local district office during normal business hours. District office hours of operation are listed at the back of the General Tax Guide.

Questions about registration guidelines, departmental policies and other administrative and legislative matters should be directed to the Charities Division at the numbers listed above.

Enquiries answered from April 1, 1988 to March 31, 1989	
by telephone	53,769
by letter (approximately)	28,000

Problem Resolution Program

The Problem Resolution Program forms a significant part of the work done by the Public Affairs Division in each district office. Problem resolution co-ordinators handle, on a priority basis, cases that cannot be resolved through normal channels.

The program examines complaints on any aspect of the Department's work, immediately tries to trace the source of the problem and determines whether the case is an isolated one or part of a larger trend that needs attention. The aim is to prevent the same problem from recurring. In so doing, the program provides another safeguard for taxpayer rights.

While most referrals to the program come from internal sources, the program is publicized externally to Members of Parliament and accountants.

Publications

Revenue Canada, Taxation issues a wide variety of general and technical publications designed to assist taxpayers in understanding the tax system. These are published in both official languages and, except for *Taxation Statistics*, are available free of charge from district offices.

The most important source of taxpayer information is the income tax guide that accompanies each tax return. Other guides are also produced to meet the needs of specific groups of taxpayers.

Brochures and leaflets produced annually in English and French deal with specific aspects of taxation in non-technical language.

Alternative formats

The Department records, in English and French, an audio version of the General Tax Guide on cassette to assist visually-impaired taxpayers complete their returns. The Audio Guide is available from service organizations for the blind and from district offices. Parts of the General Tax Guide are also available in braille and large print, and several additional publications are produced in the three alternative formats – audio-cassette, braille and large print. Persons interested should call 1-800-267-1267 for information.

Technical publications

Bilingual Information Circulars and Interpretation Bulletins respond to the demand for information on administrative matters and interpretations of tax laws. These series are of a technical nature and are used primarily by accountants, lawyers and other tax specialists. Indexes to the Circulars and Bulletins are available at all district offices.

The Department also publishes *Taxation Statistics*, an annual comprehensive profile of the tax-filing public based on an in-depth analysis of individual tax returns. The 1989 edition (ISBN 0-660-55061-X) provides statistical information for the 1987 taxation year and is available in bilingual format for $41.65 in Canada through Supply and Services Canada or from bookstores authorized to sell government publications. For anyone ordering outside Canada, the 1989 edition is $50.00 Canadian. Samples of the statistics available in *Taxation Statistics* are shown in Chapter 11.

Advance income tax rulings

Revenue Canada, Taxation also publishes advance income tax rulings which can provide guidance to other taxpayers contemplating similar transactions. Certain features of the transaction on which the ruling was based and the identities of the taxpayers are disguised to protect confidentiality.

On request, the Department will provide taxpayers with a binding ruling advising them how it will interpret specific provisions of the tax law involved in the transactions they are contemplating. A fee of $65 per hour is currently charged for this service. Certain matters on which the Department is unable to rule are discussed in Information Circular IC 70-6R2, *Advance Income Tax Rulings*. Requests should be sent to Rulings Directorate, Revenue Canada, Taxation, 875 Heron Road, Ottawa, Ontario, K1A 0L8.

Partial list of publications

Tax guides

- *Business and Professional Income Tax Guide*
- *Child Care Expenses Tax Guide*
- *Deceased Persons' Income Tax Guide*
- *Employment Expenses Tax Guide*
- *Farming Income Tax Guide*
- *Fishing Income Tax Guide*
- *General Tax Guide*
- *Guide to the 1989 Partnership Information Return*
- *Instalment Guide for Corporations*
- *Instalment Guide for Individuals*
- *Northern Residents Deductions Tax Guide*
- *Pension and RRSP Tax Guide*
- *Rental Income Tax Guide*
- *Retirement Compensation Arrangement Guide*
- *T5 Guide and T-BD Guide*

Tax brochures

- *Are You Moving?*
- *Are You Separated or Divorced?*
- *Do Students Pay Income Tax?*
- *Gifts in Kind*
- *How You Claim the Child Tax Credit*
- *How You Claim the Disability Credit*
- *How You Claim the Federal Sales Tax Credit*
- *Paying Your Tax by Instalments*
- *Taxation Services for People with Disabilities*
- *Tax Publications*
- *Using Your Home for Day Care*
- *When to Provide Your Social Insurance Number*
- *When You Retire*

Charities brochures

- *Registered Charities: Questions & Answers*
- *Registering Your Charity*
- *Scholarship Funds*
- *Special or Limited Purpose Funds*

There are also tax guides of specific interest to individuals in transition between Canada and another country. These publications are listed in Chapter 4, under the heading "Non-residents."

Chapter 6 contains a list of publications intended for employers and the self-employed.

Public affairs staff

Public affairs staff in the district offices work directly with taxpayers, community and special interest groups, schools, the local media, tax practitioners and Members of Parliament. They manage all the Department's public information and public education programs described in the remainder of this chapter.

Media information

A wide range of tax information is supplied annually to the print and broadcast media for use in their public service programming.

Half-hour closed-captioned television programs designed to help taxpayers complete a return are offered during the filing season to stations across the country in both English and French.

Radio stations receive information on topics of general interest to taxpayers and on changes in tax legislation. Public service announcements on similar topics are distributed to television stations during the filing season.

The Department also distributes media kits to daily and community newspapers. These packages contain articles, questions and answers, and fillers.

For Canada's ethnic population, the Department produces a foreign-language media kit in six languages – Chinese, Greek, Italian, Polish, Portuguese and Spanish – with basic tax information useful to new Canadians. The kit can be used by all types of media, including electronic. It is also available in English and French.

Community Volunteer Program

This program helps taxpayers who cannot complete their own returns because of age, infirmity, language or other difficulty.

Through its district offices across the country, Revenue Canada, Taxation provided special training sessions in 1989 to 6,500 representatives of community organizations and other interested individuals on how to complete basic tax returns. Volunteers also receive a kit of handy reference material.

These organizations offered assistance, free of charge, through tax clinics or as an outreach service to 90,000 taxpayers.

Individuals who wish to become volunteers should contact community organizations that are participating in the program. They may also seek information from the public affairs officer in their district office. The Department will then arrange a convenient time and place for tax training.

Native Peoples Outreach Program

The Native Peoples Outreach Program is designed to respond to the special needs of native peoples. It provides expertise and material to teach band representatives from reserves how to complete basic tax returns. Once trained, the representatives help other members of the band complete their tax returns.

Teaching Taxes

Revenue Canada, Taxation developed the Teaching Taxes program to introduce students to the history and mechanics of Canada's taxation system. The Department supplies material free of charge to several thousand teachers and nearly half a million students who participate annually in the program. It is now used in economics, accounting, business, mathematics, consumer education, social studies and even language courses in high schools and colleges across the country.

Films, videocassettes and filmstrips are also available to supplement the program's printed materials.

Any teacher may order Teaching Taxes materials from the Public Affairs Division of district offices.

Rural Tax Scene kit

The Department offers a special package of resource material to individuals who are responsible for advising the farming community. The kit, updated each year, comprises a compendium of forms, guides and related publications, plus special material useful when talking to groups. The prime recipients of the kit are agricultural representatives and officers of farm associations.

Films and videos

The Department has produced four films, which are available in both official languages. The following may be borrowed in both film and video format from local offices of the National Film Board:

- "Tax: The Outcome of Income" describes the historical evolution of Canadian income tax.
- "Meet the Martins" shows the advantages of completing tax returns correctly.
- "A Choice of Two" and "The Sloane Affair" are feature-length dramatizations of two cases of corporate tax evasion.

Taxation has also produced a video to guide taxpayers in completing their T1 General or T1 Special returns. With its sophisticated computer graphics, the video provides a useful alternative medium for explaining filing procedures.

The video is available through district offices for use in information sessions with the public and to help train volunteers.

3

What's new

Tax reform

On September 13, 1988, a series of wide-ranging new tax provisions, designed to make the system fairer by lowering rates and broadening the tax base, became law. Affecting both corporate and personal tax, the reforms meant that virtually every Canadian taxpayer saw changes in the way they calculated their 1988 income tax. The 1988 legislation was the first of two stages of tax reforms. The next phase will be changes to the federal sales tax system.

The major change was the conversion of personal exemptions and some deductions into tax credits. For those who qualify, these credits are a more equitable way of reducing tax payable, because they put an equal number of dollars back into every taxpayer's pocket regardless of income. Deductions, on the other hand, tend to benefit high-income people much more than those with low incomes.

Under the new system, taxpayers generally have a higher taxable income, because there are fewer deductions. However, most people pay less tax because of the way tax credits directly reduce tax payable. (About 850,000 low-income Canadians paid no tax at all for 1988.) Tax reform also reduced the number of federal tax brackets from 10 to three, with the highest rate reduced from 34 per cent to 29 per cent.

There are two kinds of tax credits: non-refundable and refundable. Non-refundable tax credits are subtracted from the federal tax payable. With these credits an individual's tax may be reduced to zero, but if the credit available is a greater amount than the tax payable, the difference is *not refunded*. Refundable tax credits *do* allow the excess to be paid to the taxpayer if the credit is larger than tax payable. Chapter 7 contains a chart of non-refundable and refundable tax credits for 1989.

The unused portion of several non-refundable tax credits may be transferred to the taxpayer's spouse or, in certain circumstances, to others.

Some other significant changes:

- There are new rules for reporting family allowance. Under the old system, the spouse or ex-spouse who claimed the dependent children also claimed family allowance. Now there are a number of different situations that determine who must claim the allowance.
- Individuals can no longer claim an equivalent-to-married amount for a dependent relative 18 years of age or over, unless the relative is a parent, grandparent, or a relative dependent by reason of mental or physical infirmity. Dependants who turn 18 during the time of support are still eligible.
- Rules for claiming dependent children changed. The person who must report the family allowance for a child is the only person entitled to claim the personal amount for that child.

- Several deductions have been eliminated completely, rather than converted to credits. These are: the employment expense deduction, the interest and dividend income deduction, and the forward averaging provision.
- The federal sales tax credit for an individual and the individual's spouse increased to $100 each and to $50 (for the 1989 tax year) for each qualified relation.
- Certain child care expense limitations were increased and the $8,000 family limit was eliminated.
- Part or all of a student's unused tuition fees and education amount may be transferred to the student's spouse, parent or grandparent.

1988 Guides and returns

Each year the Department revises tax guides and returns to reflect changes in tax laws and improve readability. Particular care was taken with the 1988 General and Special tax guides so that new rules under tax reform would be clear and simple to follow. The main change to the General Tax Guide and T1 Return was a step-by-step format introduced for easier, more accurate tax calculations. The return was divided into five sections: 1) Identification, 2) Calculation of Total Income, 3) Calculation of Taxable Income, 4) Calculation of Total Non-Refundable Tax Credits, and 5) Summary of Tax and Credits. The General Tax Guide followed this sequence giving detailed explanations for each step and using a greater number of examples, tax tips and helpful hints than ever before. Explanatory notes included pointers on who could claim certain deductions, what to claim and how.

The cover and interior layout of the guides featured a more attractive, easy-to-read design. Print was larger and more white space was used throughout. All major changes were highlighted in yellow so that taxpayers could easily see what was new.

Two new supplementary guides were added for the 1988 tax year: the *Employment Expenses Tax Guide* and the *Child Care Expenses Tax Guide*. This latter booklet was mailed directly to anyone who had made a child care expense claim the previous year. This policy was also followed for the 1989 tax year.

The 1988 *Northern Residents Tax Guide* was distributed door-to-door in the prescribed areas. The 1989 version was mailed to taxpayers.

The Department continually tests its guides to determine whether language can be simplified or other improvements made. Studies of the 1988 material focused on the General and the new Child Care Expenses tax guides.

Reporting the social insurance number

New tax law extends the use of the social insurance number (SIN) as an identifier for income tax purposes. Individuals must provide their SIN to financial institutions which use it to prepare information slips that are filed with Revenue Canada, Taxation. The SIN helps the Department identify all investment income, ensuring that it is reported and subject to tax just like any other kind of income. The result is a more equitable tax system in which everyone pays his or her fair share.

To clarify the rules about providing social insurance numbers, Revenue Canada, Taxation produced a pamphlet, *When to Provide Your Social Insurance Number.* The brochure explains who has a right to ask for a SIN, why the SIN is required, how to obtain a SIN, how confidentiality is ensured and other matters of public interest.

Individuals who fail to provide their SIN to authorized persons or institutions on request are liable to a fine of $100.

Taxpayer education

The Department has undertaken a new initiative to educate taxpayers about the tax system so that they are better able to understand and fulfil their responsibilities. As its first project the Department is developing seminar workshops and publications aimed at the small business community. The workshops will focus on a number of topics including the requirements for maintaining adequate books and records, the Department's compliance programs, the Department's role and responsibilities, and individual filing requirements. Business people will be able to request information on these workshops from district office staff beginning in 1990.

Small Business Employers' kit

Help to small businesses is also coming in the form of a new information kit designed to simplify the process of deducting, withholding and remitting source deductions for employees. Until now, all employers regardless of the size of their operations received a comprehensive kit that gave many people more information than they needed. The new simplified version provides sufficient details to cover most small business situations without inundating the user.

Reducing paperwork

A government-wide plan is in effect to reduce paperwork demands on small businesses, and Revenue Canada, Taxation is doing its part. Already the Department has eliminated two tax forms and revised another, resulting in simpler procedures for small businesses. The Department is exploring other possible initiatives through consultations with business representatives and other government departments.

Automated services

The Department is constantly exploring ways of using automation to improve taxpayer service and internal operational efficiency. The advantage of automation in such areas as routine telephone enquiries is that it offers taxpayers longer hours of service while freeing staff to deal with more complex taxpayer issues. Automated services for internal use reduce paperwork and save staff time.

A number of new services were recently introduced or are close to implementation. Various services introduced as pilot projects have now been enhanced or expanded.

T.I.P.S.

The Department has a new automated telephone enquiry service called T.I.P.S. (for Tax Information Phone Service). The service currently provides the public with easy access to information in three areas: 1) the status of a taxpayer's income tax refund (T.I.P.S. Telerefund); 2) general information (T.I.P.S. Info-Tax); and 3) information on whether a taxpayer will receive an advance payment (T.I.P.S. Advanced Child Tax Credit).

The caller accesses T.I.P.S. using a push button (tone signalling) phone. The system then refers to the Department's data base, or other stored data, and responds to the caller by digitally-recorded human speech.

In the future, the Department will expand T.I.P.S. to deal with other subject areas that lend themselves to this type of technology.

T.I.P.S. Telerefund

During 1989, T.I.P.S. Telerefund was provided through seven sites – Saint John (including Bathurst), Ottawa, Hamilton, Toronto (including Scarborough, Mississauga and North York), Montreal (including Laval and Saint-Hubert), Edmonton and Vancouver. The service will be national in 1990.

T.I.P.S. Info-Tax

T.I.P.S. Info-Tax provides answers to common enquiries about such topics as tax changes, taxpayer services and new procedures. The service was piloted in Ottawa in 1989 and will be expanded to several other areas in 1990.

T.I.P.S. Advanced Child Tax Credit

This automated service, introduced in various locations in 1989, tells taxpayers whether they are eligible for the advanced child tax credit and, if so, when they will receive their cheque. Taxpayers call up the service with push button (tone signalling) telephones, and key in certain information that will identify them. The system then responds with the relevant information.

Online Reassessment Program

The Online Reassessment Program (Online RAP) was put into effect across the country in 1987. Online RAP is a computer system that allows assessors, using a computer terminal, to process taxpayer reassessment requests. The result is that taxpayers who request such adjustments are served faster since the adjustment is made directly on the mainframe computer. Time-consuming paperwork is eliminated.

Appeals Information Reporting System

The Appeals Information and Reporting System (AIRS) is a fully-automated national information network which gives direct access to and control of notices of objection. The system was extended in 1989 to accommodate the inventory of appeals before the courts. With the system, departmental staff are better equipped to respond to enquiries about notices of objection.

Automated Collection System

The Automated Collection System (ACS) ran as a pilot project in 1988 in the Kitchener District Office. Results show that the ACS improves work flow for collections staff by identifying accounts that may present collection problems, allowing follow-up action and providing instant access to the history of the account.

The pilot project was a success, and in November and December 1988 the system was introduced in six additional district offices. It has since been implemented nationally.

Public Enquiries Information Bank

The Public Enquiries Information Bank (PEIB) improves the Department's ability to provide timely and correct information to taxpayers. With this text retrieval system, Public Enquiries staff can access resource material such as Interpretation Bulletins, Information Circulars and other departmental information through the same terminal that they use to access individual taxpayer records. The system is updated regularly to ensure it is current at all times.

PEIB began as a pilot project in the Ottawa District Office in 1986. In subsequent years it was expanded to other district offices in Ontario and the Western Region, and will become a national service by 1992.

Online Taxpayer Correspondence System

This system personalizes contact with taxpayers regarding any errors found at the initial processing stage. Clear and precise letters, in the taxpayer's official language of choice, inform the taxpayer of the problem and ask for correct information. Previously, this was done with bilingual multipurpose form letters, but the new system allows staff to rapidly create customized correspondence. Subsequent phases of the project will automate correspondence activities in other areas of the Department.

Electronic filing

Electronic filing is an automated system which allows professional tax preparers to transmit T1 return data over telecommunication lines to Revenue Canada, Taxation computers. This reduces the tax preparers' paperburden, allows for speedier processing of returns by eliminating, for example, the labour-intensive re-keying of data from the return by the Department.

This service will be tested in early 1990 when 2,000 to 5,000 returns will be transmitted to the Department electronically by two tax practitioners involved in the pilot project.

How taxes are collected

4

Source deductions

When Canadians file their tax returns each spring, most have already paid all or part of their taxes through deductions made by their employers from their incomes.

Most employers remit these funds to Revenue Canada, Taxation monthly. However, those designated as large employers remit twice per month, either through their banks or directly to the appropriate taxation centre. All deductions from each employer are recorded on computer files.

Thus, co-operation of employers is an essential element of the self-assessment system. To facilitate their task, Revenue Canada, Taxation provides employers with tax deduction tables that help determine the amount of federal and provincial income tax to be withheld from their employees' salaries. Employers also receive an *Employer's and Trustee's Guide for Filing of T4-T4A and T4F Returns* to help them report the deductions they have made from their employees' salaries and to prepare T4 slips for each employee.

Number of employees subject to source deductions in 1988	13,666,992
Number of active employer accounts with Revenue Canada, Taxation on December 31, 1988	1,272,327
Total source deductions for the fiscal year ending March 31, 1989	$80,192,015,000

Employers who fail to remit to the Department the amounts they have deducted from their employees' pay cheques, are subject to prosecution and fines.

Employers prosecuted from April 1, 1988 to March 31, 1989 for failure to remit source deductions	77
Fines imposed	$141,600

Instalment payments

Some types of income are not subject to deduction of tax at source. These include certain pension payments, alimony and maintenance payments, tips and gratuities, bond interest, dividends, rental and investment income and income from self-employment.

Individuals with these kinds of income may be required to make quarterly instalment payments unless tax is deducted at source from at least three-quarters of their net income or their net federal tax payable for the current or preceding year does not exceed $1,000. Self-employed individuals must also submit their CPP premiums through instalments.

Individuals

Taxpayers may determine their instalment payments in two ways:

1 They may estimate what their tax payable for the year will be and calculate instalments on this amount; or

2 They may base their current instalments on the amount of tax payable for the preceding year.

Individuals may chose the option that allows them to make the lowest quarterly payments.

For help with this calculation, and for more information on paying tax by instalments, taxpayers are invited to use the *Instalment Guide for Individuals* available in district offices.

Beginning in 1990, taxpayers who pay by quarterly instalments must remit one-quarter of the total amount required on or before the fifteenth day of March, June, September and December. Persons whose chief source of income is farming or fishing are exceptions to this quarterly payment rule.

Farmers and fishermen

Farmers and fishermen who have tax deducted from less than three-quarters of their net income and whose tax for the current or preceding year is more than $1,000 also pay by instalments but on a different schedule. One instalment is due on December 31, with the balance payable on or before April 30 of the following year. The instalment payment may be based on either the tax payable for the preceding year or the estimated tax payable for the current year, whichever results in the lowest payment. The December 31 payment should be equal to two-thirds of the tax calculated. The *Instalment Guide for Farmers and Fishermen* is available from district offices.

Corporations

Corporations remit income tax in monthly instalments. The balance of tax due must be paid within two, or in some cases, three months of the end of the corporation's fiscal year. The *Instalment Guide for Corporations* and Information Circular 81-11R2 give information on corporate instalments, including the three options available for calculating instalment payments. These publications are available from district offices.

Interest

Taxpayers who have an unpaid balance on the due date must pay interest compounded on a daily basis. Interest is calculated daily on unpaid income tax, penalties, late and deficient tax instalments and on overpayments made to taxpayers. There is no provision in the Income Tax Act to permit the cancellation of properly assessed penalties and interest.

When assessing a return, on the other hand, the Department pays daily compound interest on refunds. The rate of interest applicable to unpaid balances and to refunds is adjusted every three months. It is based on the average interest rate on 90-day treasury bills sold during the first month of the preceding quarter rounded up to the nearest percentage point, plus two percentage points. A departmental news release is issued every quarter to announce the revised rate.

Collection of tax arrears

The Department takes a firm but fair approach to taxpayers who do not pay their taxes by the due date. If these taxpayers do not make satisfactory payment arrangements after they receive their notice of assessment, they receive a letter asking them to pay their outstanding balance. If they still do not pay or respond to the Department's request, they receive a second letter asking for full payment and advising them to contact the Department to avoid legal action. If their payment is still outstanding, a Taxation employee contacts them personally, whenever possible, to give them one final opportunity to pay or make satisfactory payment arrangements.

When taxpayers can show that they are unable to pay the full amount they owe immediately, the Department may accept a short-term arrangement based on the taxpayers' current and future ability to pay or borrow.

In cases where these efforts still do not result in the settlement of the debt, and no formal objection to or appeal regarding the assessment has been filed, Revenue Canada, Taxation may garnishee taxpayers' wages or confiscate and sell their assets.

Non-residents

Individuals who are not resident in Canada must pay non-resident tax on certain income from Canadian sources including interest, dividends, management fees, income from estates and trusts, rents, royalties, alimony, pensions and annuities. This non-resident tax is provided for in Part XIII of the Income Tax Act and is required to be withheld at source. The statutory rate of non-resident tax is 25 per cent unless a tax treaty prescribes a reduced rate or an exemption from Part XIII tax on certain payments.

Normally, non-residents do not file income tax returns to report income assessed under Part XIII or to claim the tax withheld. The amount of tax assessed under Part XIII is usually their final tax liability. If tax is withheld in excess of the tax treaty amount, a non-resident may submit a letter to Revenue Canada, Taxation requesting a refund, or submit form NR7-R, "Application for Refund of Non-Resident Tax."

In some cases, however, it may be beneficial for non-residents to file returns. Non-residents who receive certain kinds of income, such as alimony or pension may elect, under section 217 of the Income Tax Act, to file a return. In this case, the non-resident is entitled to claim the same non-refundable tax credits and pay the same rates of tax as a resident of Canada. Under section 216, a non-resident may elect to report income from rental property or timber royalties. Both these elections are subject to particular requirements.

In addition to the withholding tax described above, non-residents who have been employed, carried on a business, or disposed of taxable Canadian property in Canada are taxable in Canada on their income derived from such activities. This general rule, however, may be modified by bilateral tax treaties negotiated by Canada.

Persons who have tax payable in Canada in these circumstances must file an income tax return in the normal manner.

Canadians living outside Canada

Taxpayers who have severed their Canadian residential ties and live abroad but who are considered to be residents of Canada for tax purposes (e.g., Canadian government employees posted abroad) must file a return and report their income from all sources. The federal tax imposed on Canadians living abroad includes an additional tax of 49.5 per cent of "Basic Federal Tax" (52 per cent effective January 1, 1990). This replaces the provincial tax payable. The 49.5 per cent federal surtax is paid to the federal government.

Tax guides and services

Individuals in transition between Canada and another country may contact Revenue Canada's International Taxation Office (ITO) for help in determining residence status and tax treaty protection. The ITO provides information, forms and publications of particular interest to those in international tax situations. The ITO may be reached by calling 1-800-267-5177 from within Canada or 613-952-3741 from outside Canada. Written enquiries should be addressed to the International Taxation Office, 875 Heron Road, Ottawa, Ontario, K1A 1A8, Canada.

The following tax guides are available free of charge in either official language from the International Taxation Office or any district office:

- *Tax Guide for Canadian Forces and External Affairs Employees Outside Canada*
- *Tax Guide for Emigrants*
- *Tax Guide for International Students Studying in Canada*
- *Tax Guide for International Teachers and Professors Employed in Canada*
- *Tax Guide for New Canadians*

Tax treaties

To prevent taxation of the same income by two different countries, Canada has tax treaties with the following countries:

- Australia
- Austria
- Bangladesh
- Barbados
- Belgium
- Brazil
- Cameroon
- China, People's Republic of
- Cyprus
- Denmark
- Dominican Republic
- Egypt
- Finland
- France
- Germany, Federal Republic of
- Guyana
- India
- Indonesia
- Ireland
- Israel
- Italy
- Ivory Coast
- Jamaica
- Japan
- Kenya
- Korea, The Republic of
- Malaysia
- Malta
- Morocco
- The Netherlands
- New Zealand
- Norway
- Pakistan
- Philippines
- Romania
- Singapore
- Spain
- Sri Lanka
- Sweden
- Switzerland
- Thailand
- Trinidad and Tobago
- Tunisia
- United Kingdom
- United States of America
- Union of Soviet Socialist Republics

Tax treaties have also been approved by the Canadian Parliament with Liberia, Luxembourg, Papua New Guinea, Poland and Zambia. Since instruments of ratification have not yet been exchanged with the governments of these countries, these tax treaties are not yet in force.

The effective rate of non-resident withholding tax (e.g., on investment income and pensions) under most treaties varies between 10 and 25 per cent. When there is a conflict between the provisions of the Income Tax Act and those of an agreement with another country, the provisions of the agreement prevail.

Reciprocal Agreements

Canada has Reciprocal Agreements with a number of countries to prevent dual pension and social security coverage for people who work (or will work) both in Canada and other countries.

As of October 1, 1989, Canada has negotiated agreements with the following 19 countries: Australia, Austria, Barbados, Belgium, Denmark, Dominica, Finland, France, Federal Republic of Germany, Greece, Iceland, Italy, Jamaica, Norway, Portugal, Saint Lucia, Spain, Sweden and the United States.

Canada is currently awaiting ratification of agreements with Luxembourg and the Netherlands and is in negotiations with Brazil, Cyprus, Ireland, Switzerland, Trinidad and Tobago, and Yugoslavia.

Revenue Canada, Taxation districts

a) St. John's
b) Sydney
c) Halifax
d) Charlottetown
e) Saint John
f) Bathurst
g) Rimouski
h) Québec
i) Chicoutimi
j) Trois-Rivières
k) Sherbrooke
l) Saint-Hubert
m) Montréal
n) Laval
o) Rouyn-Noranda
p) Ottawa
q) Kingston
r) Belleville
s) Scarborough
t) Toronto
u) Mississauga
v) North York
w) St. Catharines
x) Hamilton
y) Kitchener
z) London
aa) Windsor
bb) Sudbury
cc) Thunder Bay
dd) Winnipeg
ee) Regina
ff) Saskatoon
gg) Calgary
hh) Edmonton
ii) Penticton
jj) Vancouver
kk) Victoria

Organization chart
Revenue Canada, Taxation

Communications and Consultations Branch

- assists management in meeting the challenge of change through external and internal communications programs support.

Communications Strategy Division

- conducts environmental scanning and research;
- responsible for communications strategies, plans and issues management;
- identifies information needs of taxpayers and tax practitioners;
- assesses appropriateness, impact and value of communications programs;
- advises senior management on communications;
- liaises with central agencies on government communications policies and practices;
- provides functional direction to public relations and problem resolution officers, and field staff.

Operations Division

- manages or co-ordinates departmental communications across Canada;
- advises on all aspects of publications and written materials;
- produces and distributes various publications and writes ministerial speeches;
- advises on and helps manage media relations, advertising, ministerial communications;
- responsible for public education programs.

Access to Information and Privacy Division

- establishes and implements corporate policy related to Access to Information and Privacy legislation;
- responsible for training related to the legislation.

Consultations Division

- develops and manages a comprehensive consultation strategy for the Department;
- identifies opportunities to consult groups capable of contributing to departmental improvements;
- monitors and evaluates consultation activities to identify major trends in the Department's external environment.

Taxation Programs Branch

- is accountable for the formation and assessment of national policies for a variety of programs relating to tax administration.

Assessing and Enquiries Directorate

- develops and directs programs on the assessment and filing of income tax returns;
- provides liaison to district office and taxation centre staff on a number of programs including returns processing and maintenance, filing, post assessing, matching and office examination, and enquiries and information.

Returns Processing Division

- provides functional direction to district office and taxation centre staff on the returns processing and maintenance programs;
- responsible for national assessment and reassessment systems, procedures and policies for individual (T1), corporate (T2), trusts (T3), and other special tax returns;
- responsible for national systems, policies and procedures for the filing, maintenance and retrieval of tax returns.

Examination Division

- develops and directs the examination of taxpayers' returns, reporting rental, investment, commission and small business income;
- develops and directs post-assessing programs (verification of claims and credits) and programs to verify income by reference to third-party information returns;
- responsible for enforcement programs for late and non-filers.

Enquiries and Taxpayer Assistance Division

- guides district office and taxation centre staff on implementing enquiries and information programs;
- develops forms, notices and publications;
- develops and directs the enquiries program.

Collections and Accounting Directorate

- responsible for collections at source of federal and provincial income tax, CPP contributions and UI premiums;
- develops and directs programs to collect outstanding assessed income tax, CPP contributions and UI premiums;
- responsible for procedures to collect monthly and quarterly payments by individuals and corporations;
- plans programs for administering the coverage provisions of the CPP and the UI Act;
- plans programs for the control and processing of payments;
- calculates and assesses interest charges and credits for corporate and individual taxpayers.

Source Deductions Division

- provides direction to district office and taxation centre staff on the withholding, remitting and reporting at source of federal and provincial income tax, CPP contributions and UI premiums.

Collections Division

- provides direction to district office staff on the collection of unpaid federal and provincial income tax, CPP contributions and UI premiums.

Revenue Programs Division

- provides direction to district office and taxation centre staff on information and instalment remitting;
- handles accounting for all departmental revenues including assessed taxes, penalties and interest;
- ensures deposit of receipted funds to designated financial institutions;
- responsible for the annual prepayment of the Child Tax Credit and the interception of tax refunds under the Family Orders and Agreements Enforcement Assistance Act.

Audit Programs Directorate

- responsible for national programs to audit the returns of self-employed individuals, corporations and trusts.

Audit Programs and Assessment Division

- develops and directs national audit programs and related resource requirements, and forecasts operational results;
- monitors audits to ensure uniform application of Income Tax Act across Canada and correct reassessments;
- develops and implements systems to identify those taxpayers who do not comply with the law.

EDP Audit Applications Division

- selects, trains and provides technical support for the audit of mainframe and microcomputer-based records;
- develops EDP audit and operational guidelines;
- provides programming expertise to create, maintain and revise audit information management systems.

Special Audits Division

- conducts studies of probable tax avoidance schemes that may circumvent the law;
- develops policies and procedures to counter tax avoidance;
- directs the industry specialists program and industry-wide exchanges with foreign tax administrations.

Audit Applications Division

- develops policies and procedures on both specific and general applications of tax laws;
- provides assistance to district offices on complex aspects of tax laws and, through publication of audit manuals, on general tax law issues;
- designs and reviews public use forms;
- develops audit policies and techniques related to property appraisals and business equity valuations;
- develops policies and procedures, and provides assistance to district offices, including scientific expertise, concerning the audit of scientific research and experimental development projects and of expenditures made under other tax incentive legislation.

International Audits Division

- develops policies and procedures and provides assistance to district offices on international and non-resident audit problems;
- negotiates to resolve double taxation disputes with authorities of countries with which Canada has tax conventions.

Compliance Research and Investigations Directorate

- provides direction, program development and policy formulation for the investigation, prosecution and publication of cases of tax evasion;
- researches and reports on matters of non-compliance with the Income Tax Act.

Compliance Research Division

- identifies and researches significant areas and forms of non-compliance;
- measures and reports to senior management on changes in non-compliance patterns resulting from initiatives designed to counteract such practices;
- recommends other applications of compliance resources within the Department in order to obtain their optimum usage;
- forms strategies for enhancing taxpayer reporting and taxpayer awareness of non-compliance ramifications.

Special Investigations Division

- conducts investigations to ensure the prosecution in court of tax violations and the enforcement of compliance procedures for both legal and illegal sources of income;
- carries out enforcement activities through the three Investigations Divisions located in Head Office; (These also develop policies and procedures and provide guidance on the investigations of tax violations.)
- provides quality control for the selection of investigations and the standards for cases referred to the Department of Justice Canada for prosecution;
- liaises with foreign governments for the administration of international tax treaties and simultaneous investigations of tax fraud.

Non-Resident Taxation Division

- develops and implements national policies, programs and legislation relating to the assessment and reassessment of returns for non-resident individuals, corporations and trusts and the collection of non-resident tax and deductions at source;
- approves tax waivers for non-residents performing services in Canada.

Non-Resident Source Deductions Programs

- develops, implements and evaluates policies and programs relating to the withholding of non-resident tax.

Non-Resident Assessing Programs

- responsible for all assessments and reassessments pertaining to immigrants, emigrants, factual (continuing) residents, deemed residents and non-resident individuals, corporations and trusts;
- monitors public information policies and compliance programs for T1, T2 and T3 returns concerning the levying of tax.

EDP Systems and Technology Branch

- responsible for the research, development, maintenance and operation of EDP systems and services;
- provides computer-related services and data to other government departments and other governments.

Individual Tax Systems Division

- develops and maintains computer systems to support all individual tax administration programs.

Business Tax Systems Division

- develops and maintains computer systems to support all employer and corporate tax administration, and management information systems.

Computer Services Division

- responsible for the Department's computer installations and associated communications network, systems software, data base and technical support.

Informatics Support Division

- responsible for systems operational audit, EDP technical training, planning and research, disaster recovery planning, EDP security and the acquisition of EDP equipment, software and services.

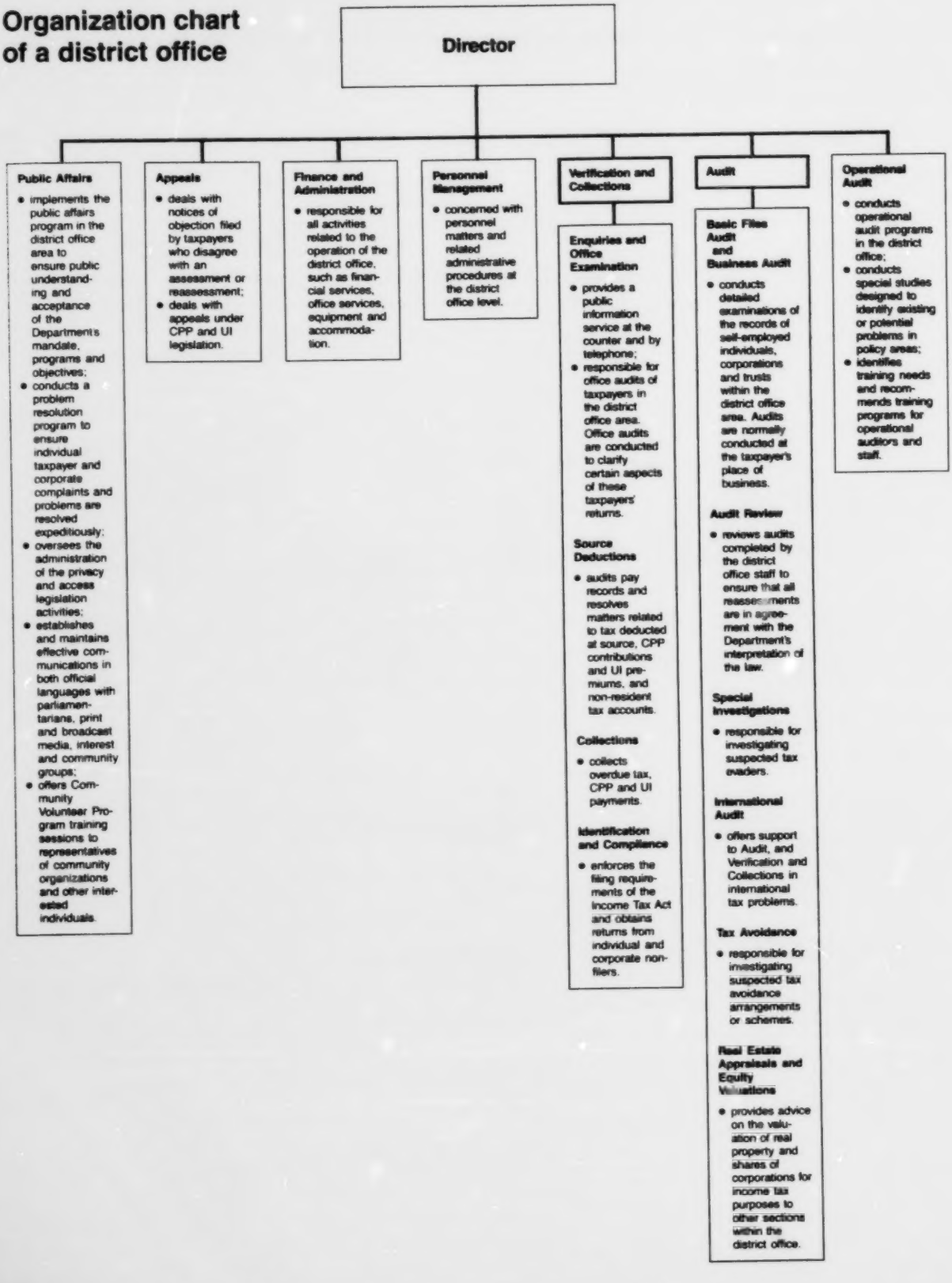
Office Systems and Infocentre Division

- provides Office Systems Services (PCs, Office Servers, LANs) including research, acquisition, and Infocentre support;
- responsible for text retrieval, micrographics and image processing.

Office Technology Division

- conducts research into and develops office information technologies and systems.

Organization chart of a district office


Director
Public Affairs
• implements the public affairs program in the district office area to ensure public understanding and acceptance of the Department's mandate, programs and objectives;
• conducts a problem resolution program to ensure individual taxpayer and corporate complaints and problems are resolved expeditiously;
• oversees the administration of the privacy and access legislation activities;
• establishes and maintains effective communications in both official languages with parliamentarians, print and broadcast media, interest and community groups;
• offers Community Volunteer Program training sessions to representatives of community organizations and other interested individuals.
Appeals
• deals with notices of objection filed by taxpayers who disagree with an assessment or reassessment;
• deals with appeals under CPP and UI legislation.
Finance and Administration
• responsible for all activities related to the operation of the district office, such as financial services, office services, equipment and accommodation.
Personnel Management
• concerned with personnel matters and related administrative procedures at the district office level.
Verification and Collections
Enquiries and Office Examination
• provides a public information service at the counter and by telephone;
• responsible for office audits of taxpayers in the district office area. Office audits are conducted to clarify certain aspects of these taxpayers' returns.
Source Deductions
• audits pay records and resolves matters related to tax deducted at source, CPP contributions and UI premiums, and non-resident tax accounts.
Collections
• collects overdue tax, CPP and UI payments.
Identification and Compliance
• enforces the filing requirements of the Income Tax Act and obtains returns from individual and corporate non-filers.
Audit
Basic Files Audit and Business Audit
• conducts detailed examinations of the records of self-employed individuals, corporations and trusts within the district office area. Audits are normally conducted at the taxpayer's place of business.
Audit Review
• reviews audits completed by the district office staff to ensure that all reassessments are in agreement with the Department's interpretation of the law.
Special Investigations
• responsible for investigating suspected tax evaders.
International Audit
• offers support to Audit, and Verification and Collections in international tax problems.
Tax Avoidance
• responsible for investigating suspected tax avoidance arrangements or schemes.
Real Estate Appraisals and Equity Valuations
• provides advice on the valuation of real property and shares of corporations for income tax purposes to other sections within the district office.
Operational Audit
• conducts operational audit programs in the district office;
• conducts special studies designed to identify existing or potential problems in policy areas;
• identifies training needs and recommends training programs for operational auditors and staff.

Revenue Canada, Taxation principal officers (effective May 1990)

The Honourable Otto Jelinek
Minister of National Revenue
(appointed January 1989)

Pierre Gravelle
Deputy Minister

Head Office

Robert M. Beith
Senior Adviser
Fiscal Policy and
Technical Interpretations

Robert Roy
Assistant Deputy Minister
Taxation Programs Branch

Robert D'Avignon
Assistant Deputy Minister
Appeals Branch

R.J.L. Read
Acting Assistant Deputy Minister
Legislative and Intergovernmental
Affairs Branch

Anthony Crawford
Assistant Deputy Minister
EDP Systems and Technology
Branch

William Crandall
Assistant Deputy Minister
Finance and Administration Branch

Richard Rittenberg
Assistant Deputy Minister
Human Resources Branch

Dennis Orchard
Acting Director General
Communications and Consultations
Branch

Gérard LeBlond
Director General
Corporate Affairs Branch

Kent McLean
Director General
Audit Programs

Ronald A. Davis
Acting Director General
Compliance Research
and Investigations

D.S. Brown
Director General
Collections and Accounting

George Venner
Director General
Assessing and Enquiries

John Kowalski
Director General
Financial Analysis and
Resource Allocation

Barbara Darling
Director General
Registration

Atlantic Region

Percy W. Kierstead
Assistant Deputy Minister
Atlantic Region

Gerald J. Brown
Director
St. John's Taxation Centre

Alice A. Shields
Director
St. John's District Office

Richard H. McClinton
Director
Charlottetown District Office

Nathan B. Squires
Director
Halifax District Office

Kenneth K. Horton
Director
Sydney District Office

Roger D. Léger
Director
Saint John District Office

Robert Boisvert
Manager
Bathurst Sub-Office

Central Region

William J. Clarke
Assistant Deputy Minister
Central Region

Tom S. Blanchard
Director
Ottawa Taxation Centre

Pierre Middlestead
Director
Ottawa District Office

Pierre St. Laurent
Acting Director
Toronto District Office

Gerry J. Baronette
Director
Scarborough District Office

Gary R. Mohr
Director
Mississauga District Office

Gerry A. Troy
Director
North York District Office

Deputy Minister

Legal Services
- advises the deputy minister and the Department on legal matters arising from the administration of the Income Tax Act and related statutes. (Staff are employed by the Department of Justice Canada.)

Human Resources Branch
- plans, develops, manages and reviews all human resource policies and programs.

Personnel Operations Division
- responsible for staffing policies and procedures, and all operational classifications and organizations.

Head Office Personnel Operations
- provides operational personnel services for Head Office including staffing, staff relations, employee performance and training, pay and benefits and language testing and training.

Staff Relations and Compensation Division
- develops and manages national policies and programs in all areas of staff relations, employee services, compensation and occupational safety and health.

Policy and Planning Division
- responsible for human resources planning, policy research and development, performance appraisal and evaluation, employment equity, and personnel management information systems.

Training and Career Development Division
- designs, implements and evaluates training for all aspects of departmental operations.

Senior Management Programs
- administers human resources planning, staffing, compensation, training and official languages programs for the management category and feeder groups.

Official Languages Programs
- develops and implements language testing, training and retention programs across the Department.

Finance and Administration Branch
- plans, develops and reviews national policies, procedures and programs in the areas of finance, administration, security, and tax forms;
- provides services in these areas to Head Office.

Administration Directorate
- establishes policy for and assists in the provision of general administrative services such as accommodation, telecommunications, office equipment, word processing, records management, libraries and material management.

Tax Forms Directorate
- responsible for printing and distribution of tax forms, related instructions and publications;
- establishes policy for and assists in the provision of mail service;
- reviews and approves tax forms, in English or French, specifically designed for individual companies or institutions;
- responsible for departmental mail programs.

Security Directorate
- develops and evaluates departmental security policies and procedures.

Financial Analysis and Resource Allocation Directorate
- negotiates resource allocations with Treasury Board;
- prepares reports and research studies on resource acquisitions and allocation;
- identifies information needed by senior management to plan programs and utilize resources.

Financial Policy, Systems and Accounting Directorate
- develops Department's financial policy, systems, procedures, training and authorities;
- provides complete financial service for Head Office.

Revenue Reporting and Tax Analysis Directorate
- conducts audits and analysis of assessments, cash revenue, federal and provincial tax-sharing revenue, rebates and credits, Unemployment Insurance, Canada Pension Plan payments and other forms of revenue.

Legislative and Intergovernmental Affairs Branch
- responsible for interpreting the Income Tax Act and CPP and UI legislation;
- acts as adviser on technical matters to other federal departments and governments.

Rulings Directorate
- provides in both official languages technical interpretations of income tax law and advance rulings on tax questions relating to non-resident, business and property income; corporate reorganizations; foreign and small business; merchandising, manufacturing and construction; services, public utilities and exempt corporations; farms, personal and general; financial institutions, deferred income plans and trusts, and firms in resource-based industries;
- provides technical advice to district office staff and other departmental employees;
- provides technical interpretations concerning the Canadian income of non-resident taxpayers.

Provincial and International Relations Division
- liaises with provincial taxation authorities on behalf of the Department;
- assists and advises the Department of Finance Canada in the negotiation of tax conventions with foreign governments to avoid double taxation;
- controls the exchange of confidential information between the Department and provincial and foreign governments;
- ensures that the Department's involvement in international tax affairs is effectively administered;
- assists and advises Health and Welfare Canada in the negotiation of social security agreements with foreign governments, and helps interpret and resolve problems arising from these agreements.

Statistical Services Division
- produces individual and corporate taxpayer statistics;
- develops mathematical tax simulation models;
- provides consulting services in statistical methodology and applied operations research;
- controls access to income tax information by federal government agencies in accordance with the Income Tax Act.

Legislative Affairs Directorate

Current Amendments and Regulations Division

in co-operation with the Department of Finance Canada the division:
- considers the administrative feasibility of the many proposals for changes to the Income Tax Act and Regulations;
- drafts new or amended Regulations under the Income Tax Act, the CPP and the UI legislation that are of an administrative nature;
- considers anomalies and problems of an interpretative or compliance nature in existing provisions of those acts and regulations and suggests appropriate changes.

Technical Publications Division
- produces interpretation bulletins and certain information circulars;
- publishes advance rulings that are of topical interest;
- reviews tax returns, forms and internal directives for technical accuracy;
- checks other departmental publications for technical accuracy;
- operates a telephone "hot line" that provides technical advice to district office staff.

Registration Directorate
- controls the registration for taxation purposes of employee pension plans, retirement income funds, retirement savings plans, education savings plans, deferred profit-sharing plans, registered investments and supplementary unemployment benefit plans;
- controls the registration for taxation purposes of charitable organizations and Canadian amateur athletic associations;
- ensures that annual filing requirements are met by registered charities and registered pension and deferred income plans, and reviews annual returns;
- in conjunction with Audit Programs Directorate and district offices develops and monitors compliance programs to ensure that statute and common law principles are met;
- reviews completed audits of charities and registered pension and deferred income plans;
- drafts public forms and provides a bilingual public information and enquiry service in support of these programs;
- issues certificates and letters of exemption to non-resident trusts or organizations;
- controls the filing of returns by agents of registered political parties and candidates in federal elections.

Corporate Affairs Branch
- conducts internal audits and program evaluations for the Department;
- develops departmental policies and procedures.

Internal Audit Division
- develops internal audit policies and procedures;
- co-ordinates review of departmental operations, including district offices and taxation centres.

Program Evaluation Division
- evaluates programs to determine effectiveness and relevance to departmental objectives;
- develops evaluation policies, plans and processes.

Corporate Development Division
- helps shape corporate direction by contributing independent analysis of strategic issues and potential responses to them.

Corporate Secretariat Division
- provides executive support services and assists in corporate decision-making;
- analyses taxpayer correspondence and controls the production of ministerial and deputy ministerial correspondence.

Appeals Branch
- develops policies and procedures that provide functional direction to Appeals field offices in the settlement of notices of objection and appeal under the Income Tax Act, Canada Pension Plan and Unemployment Insurance Act;
- assists and advises the Tax Litigation Section of the Department of Justice Canada on appeals to the courts.

Atlantic Region
6 district offices
1 taxation centre

Quebec Region
9 district offices
2 taxation centres

Ontario Region
9 district offices
1 taxation centre

Central Region
5 district offices
1 taxation centre

Western Region
8 district offices
2 taxation centres

Quebec Region

Serge Mercille
Assistant Deputy Minister
Quebec Region

Évariste Tanguay
Director
Jonquière Taxation Centre

Paul-Émile Moreau
Director
Shawinigan-Sud Taxation Centre

Gilles Guy
Director
Québec District Office

René J. Coutu
Manager
Trois-Rivières Sub-Office

Jean-Guy Dallaire
Manager
Chicoutimi Sub-Office

Angèle Baril
Manager
Rimouski Sub-Office

Marcel LeBlond
Director
Sherbrooke District Office

Marc Blanchard
Director
Saint-Hubert District Office

Réjean Doré
Director
Montréal District Office

Georges H. Cloutier
Director
Laval District Office

Michel Morel
Director
Rouyn-Noranda District Office

Ontario Region

Peter E.D. Broder
Acting Assistant Deputy Minister
Ontario Region

Jack Langlois
Director
Sudbury Taxation Centre

Dan Woodin
Director
Belleville District Office

Dan Woodin
Director
Kingston District Office

Sherman Lee
Director
Hamilton District Office

Bruce B. Lowe
Director
Kitchener District Office

Larry J. Schmidt
Director
St. Catharines District Office

William G. Latimer
Acting Director
London District Office

Roderick W. Mercer
Director
Windsor District Office

Dennis M. Luciuk
Director
Sudbury District Office

Sharon R. Stapleton
Director
Thunder Bay District Office

Western Region

Howard G. Ladd
Assistant Deputy Minister
Western Region

Reid W. Corrigall
Director
Winnipeg Taxation Centre

Bernard J. Bergen
Director
Surrey Taxation Centre

John Purda
Director
Winnipeg District Office

Alan R. Kellett
Director
Regina District Office

Stewart W. Cochrane
Director
Saskatoon District Office

Henry S. Lee
Director
Edmonton District Office

Arthur Stubel
Director
Calgary District Office

Kevin J. Ritcey
Director
Penticton District Office

Paul E. Seguin
Director
Vancouver District Office

G. Ron Frolek
Director
Victoria District Office

5

Tax returns and how they are processed

By means of the tax return, taxpayers have the opportunity each year to check and verify their income tax status. The return must accommodate not only the reporting needs of millions of taxpayers, but also the processing system used by Revenue Canada, Taxation.

The form may vary from year to year to reflect changes in tax law, but its basic features are always the same. It lists the various types of income taxpayers must report, as well as the credits and deductions they may be entitled to claim. Each year, the return is designed to provide taxpayers with the quickest and most accurate service.

Individuals

Individuals who have previously filed tax returns automatically receive a personalized T1, "Federal and Provincial Individual Income Tax Return." Filers will receive either the T1 General or T1 Special, based on the information they reported in their previous year's return.

Approximately two-thirds of all Canadian taxpayers use the T1 General return. The remainder use the T1 Special which is shorter than the T1 General and can be used by taxfilers in straightforward tax situations.

Copies of the T1 General are available in district offices and post offices across Canada for use by individuals filing their first return or by those who did not receive a personalized return. There is also a non-resident version of the T1 General for Canadian taxpayers who were living outside Canada on December 31.

Taxpayers who had their T1 General returns completed the previous year by a tax return preparer are mailed two copies of a T1 identification label. These are affixed to the returns by preparers, if their services are used again, or by taxpayers who choose to complete their own returns. Return packages for those who did not receive a personalized form are available at post offices and district taxation offices.

The T1 Special is a simpler return with fewer income and deduction items and is designed for persons in straightforward tax situations. The T1 Special is available only in the personalized format. It is mailed to a taxpayer only if the information on the taxpayer's previous return indicates that the longer General form is not necessary. The T1 Special is not available at district offices or post offices.

Fifty separate versions of the return are produced for use in every province and territory, as well as for Canadian taxpayers residing outside Canada. All are revised annually. All returns are available in both official languages and must be filed by the April 30 deadline.

T1 Generals filed for 1987 taxation year	13,174,637
T1 Specials filed for 1987 taxation year	3,891,476
1987 returns claiming refunds	12,168,604
1987 returns declaring amounts owing	2,504,137
1987 returns of immigrants	51,982
1987 returns of emigrants	12,293
1987 returns filed in the French language	3,881,961

Corporations

Corporations must file a federal T2 "Corporation Income Tax Return" whether or not they have taxable income for the year. A separate provincial return must also be filed by corporations located in Quebec, Ontario and Alberta since these provinces collect their own corporate income tax.

The T2 is designed for use in any tax year, and there is only one version which is used by all corporations in all Canadian provinces and territories. Corporations must normally file their returns within six months from the end of the corporation's fiscal period. T2 returns can be mailed to a taxation centre or delivered by hand to a district office. In either case the location should be in the same area as the corporation's head office.

Approximate number of returns processed in 1988	
for individuals	17,500,000
for corporations	812,000

Trusts

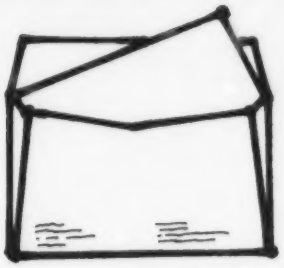
The T3 "Trust Information Return and Income Tax Return" must be completed by persons acting in a fiduciary capacity (i.e., holding in trust). These would include executors, administrators, assignees or certain receivers who have control of or receive income, gains or profits on behalf of some other person. A T3 must be filed if

- either the total income or gross income exceeds $500, or
- the income designated or allocated to any single beneficiary exceeds $100, or
- any portion of the income is taxable in the hands of the fiduciary, or
- any portion of the income is distributable to a non-resident beneficiary.

The T3 return should be mailed to the taxation centre serving the area where the trust is located or delivered to the district office within 90 days from the end of the taxatior. year of the trust.

Processing T1 returns

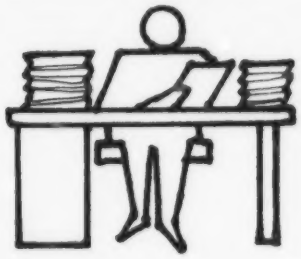
Tax returns from Canada's 17.5 million individual taxpayers are received in one of the taxation centres in St. John's, Jonquière, Shawinigan-Sud, Ottawa, Sudbury, Winnipeg or Surrey. Across Canada, from 250,000 to 600,000 returns arrive daily during the height of the filing season, which extends from February to April 30. The processing of returns can be summarized in five main steps.



1 Tax return envelopes are opened automatically.

Returns with payments attached go to the Cash Section, which records the amounts.

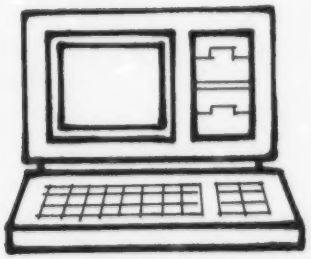
Cheques are endorsed mechanically, microfilmed and credited to the taxpayer's account.



2 Returns are sent for assessing.

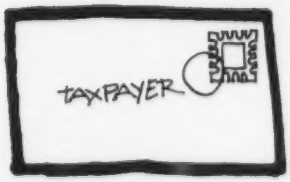
Assessors examine the returns to ensure that all required supporting documents are enclosed and that the amounts on the information slips agree with those on the return.

3 Operators use computer terminals to enter the information on each return.



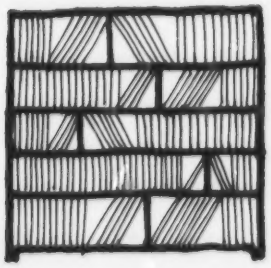
When it seems that the operator, assessor or taxpayer has made an error, the computer displays the items in question on the video screen or rejects the data completely. This ensures that these items are re-examined and corrected.

In the case of a taxpayer error, an explanation of the error is printed on the notice of assessment mailed to the taxpayer. If additional information, receipts or slips are needed to ensure the accuracy of an assessment, the Department attempts to contact the taxpayer by letter. This causes a slight delay in processing the return.



4 After processing is completed, notices of assessment and, where applicable, refund cheques are mailed out to each taxpayer.

If a taxpayer is to receive a refund, Supply and Services Canada issues and mails the cheque.



5 Finally, taxpayer returns are stored in the Taxroll Division of the taxation centre.

Written requests for information should be addressed to the nearest taxation centre. Taxpayers who wish to discuss their returns by telephone or in person, should contact their district office.

6

Canada Pension Plan and Unemployment Insurance

Canada Pension Plan

The Canada Pension Plan (CPP) provides retirement pensions, disability pensions, benefits for dependent children of disabled contributors, death benefits and survivor benefits on the death of a contributor. It operates in all provinces except Quebec, which has a similar plan, the Quebec Pension Plan.

Revenue Canada, Taxation determines who is covered by the Canada Pension Plan and collects contributions payable from employers, employees and self-employed persons. Health and Welfare Canada administers the benefit provisions and has overall responsibility for the plan.

Participation in CPP is compulsory for almost everyone who is 18 or older, but under 70, who had 1989 annual earnings of more than $2,700 from pensionable employment or who was a self-employed resident of Canada with net income of more than $2,700 in the year.

Employees

Employers are required to deduct CPP contributions from their employees' gross salaries. They must also match these contributions dollar for dollar and remit the total amount to the Department each month along with income tax deducted.

CPP contributions are reported on employees' T4 slips and can be claimed as a non-refundable credit for income tax purposes. Prior to the 1988 tax year, CPP contributions were claimed as a deduction from income. Any overpayment will be refunded.

Self-employed individuals

Self-employed persons pay 4.2 per cent of their net income between the minimum of $2,700 and the maximum pensionable earnings ($27,700). This is equivalent to the combined employer and employee CPP contributions. CPP contributions are paid at the same time as quarterly income tax instalments.

Total CPP contributions paid for the fiscal year ending March 31, 1989	$6,248,267,000
Pensionable earnings	
minimum	$2,700
maximum	$27,700
Maximum contributions deductible for 1989	
employees	$525
self-employed	$1,050

Unemployment Insurance

Revenue Canada, Taxation also collects Unemployment Insurance (UI) premiums and determines who may participate in the program and the types of employment that it covers. Employment and Immigration Canada is responsible for the payment of benefits and related matters.

The rate of premiums for insured persons is determined each year by Employment and Immigration Canada by virtue of the Unemployment Insurance Act. In 1989, employees paid 1.95 per cent of insurable earnings ($1.95 for each $100). Employers deduct UI premiums from their employees' salaries as they do CPP contributions. Employers also pay a premium rate fixed at 1.4 times the insured person's premium. This rate may be reduced if an approved sick leave plan is maintained.

UI premiums are reported on each employee's T4 slip and, as with CPP contributions, can be claimed as non-refundable tax credits for income tax purposes.

Generally, payment of employer and employee premiums is compulsory for an employee under a contract of service. With some minor exceptions, as outlined in the publications listed on the next page, self-employed persons are not covered by the plan.

Total UI premiums paid for the fiscal year ending March 31, 1989	$11,508,000,000
Maximum weekly insurable earnings subject to UI in 1989	$605
Maximum UI premiums deductible in 1989 (based on 52 weekly pay periods × $11.80)	$613.60

Assistance to employers and self-employed individuals

Each year, Revenue Canada, Taxation provides employers with tables showing the current CPP contributions and UI premiums to deduct from their employees' salaries.

A number of publications also provide information on CPP and UI deductions, employees' taxable benefits, special reporting situations and how to complete and file various supplementary and summary forms and returns. The following are available free of charge in either official language from any district office:

- *Income Tax Deductions at Source Tables*
- *Employer's and Trustee's Guide*
- *The Canada Pension Plan* – Information for the Self-Employed
- *Unemployment Insurance Coverage* – Information for Barbers and Hairdressers
- *Unemployment Insurance Coverage* – Information for Taxi and Passenger Vehicle Operators
- *Fishermen and Unemployment Insurance*
- *Unemployment Insurance Coverage for Self-Employed Fishermen*
- *Table of Weekly Unemployment Insurance Premiums – Fishermen*
- *Machine Computation of Income Tax Deductions, Canada Pension Plan Contributions and Unemployment Insurance Premiums*
- *Canada Pension Plan Contribution and Unemployment Insurance Premium Tables*
- *Small Business Employers' Kit*
- *Employer's Guide to Housing and Travel Assistance Benefits in Prescribed Areas*
- *Employer's Guide to Automobile Benefits*

New rate structure

7

With the advent of tax reform in 1988 most deductions and personal exemptions have been replaced with non-refundable tax credits. These are subtracted directly from federal tax, but if they amount to more than the tax payable, the individual does not receive a refund for the difference. There are also two refundable tax credits which are available even to persons with no income tax to pay.

Non-refundable tax credits for 1989

Basic personal amount	$6,066
Age amount	$3,272
Married amount (if the spouse's net income did not exceed $506 during the entire year)	$5,055

Amounts for dependent children

Dependants under 18 at any time in the year	
• Each of the first two dependants	$392
• Each additional dependant	$784
Physically or mentally infirm (aged 18 or over)	$1,487
Disability credit	$3,272

Refundable tax credits for 1989

Child tax credit (for families with a net income of $24,355 or less) for each eligible child $565
(plus a supplement of $200 where applicable)

Prepayment is $377 (plus a supplement of $133 where applicable) for each eligible child if net family income does not exceed $16,237.

Federal sales tax credit (for families with a net income of $16,000 or less)

• for person claiming the credit	$100
• for claimant's spouse	$100
• for each of the claimant's dependants	$50

Provincial income taxes

The federal government collects provincial income tax for most provinces and accounts to the provincial governments for tax collected on their behalf. This means that taxpayers in those provinces do not have to file separate income tax returns with different governments. However, Quebec collects its own personal and corporate income taxes, while Ontario and Alberta collect their own corporate income tax.

Individuals

To calculate individual taxes, the appropriate provincial rate is applied to the basic federal tax. Saskatchewan, Alberta, Manitoba and Ontario also have provisions for tax reductions based on formulas that differ from province to province. The provincial tax payable, as indicated in the Alberta and Ontario tax tables, includes the reduction. In Saskatchewan and Manitoba, the reduction is calculated separately.

There are also provincial tax credits available to certain residents of all the provinces and territories except Quebec and Newfoundland.

1989 Provincial individual income tax rates

	(% of basic federal tax)	
Newfoundland	61	
Prince Edward Island	57	(plus a provincial surtax of 10% on provincial tax in excess of $12,500.)
Nova Scotia	56.5	
New Brunswick	60	
Ontario	52	(plus a provincial surtax of 10% on basic Ontario income tax in excess of $10,000. There is also a tax reduction for taxpayers whose Ontario income tax is less than $225.)
Manitoba	52	(plus a net income tax of 2% of net income. A surtax applies if net income is $30,000 or more.)
Saskatchewan	50	(plus a provincial surtax of 12% on basic Saskatchewan tax in excess of $4,000 and a flat tax of 2% of net income. A tax reduction is available for taxpayers whose net income is less than $36,000.)
Alberta	46.5	(plus a provincial surtax of 8% of basic Alberta income tax in excess of $3,500 and a flat tax of 0.5% of taxable income. A tax reduction is available for some residents.)
British Columbia	51.5	
Northwest Territories	43	
Yukon Territory	45	
Canadians living abroad	49.5	in place of a provincial tax (52% effective January 1, 1990).

Corporations

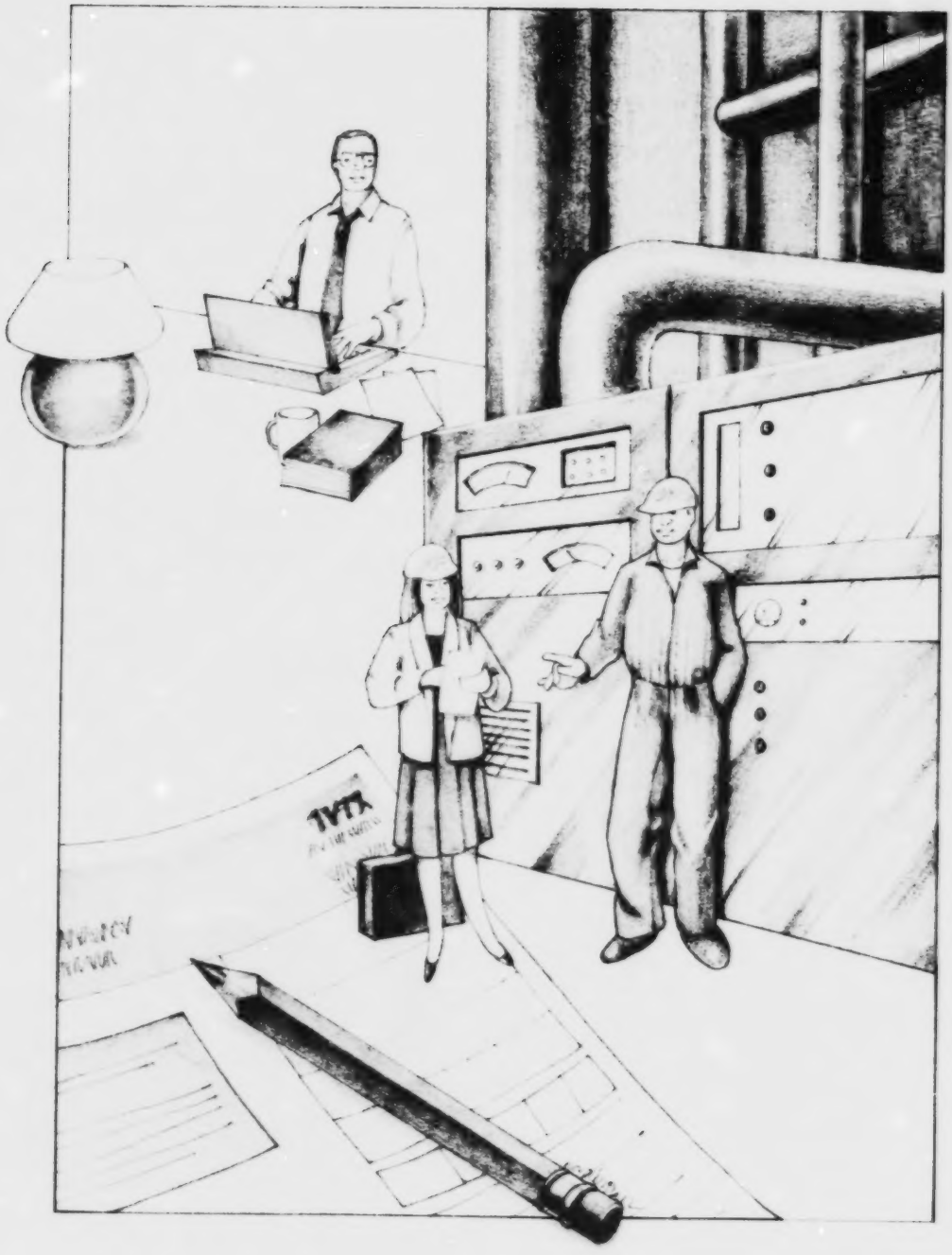
Provincial corporate income taxes are calculated by applying the appropriate provincial rate to the amount of federal taxable income that is attributed to the particular province. The resulting provincial tax may then be reduced by provincial tax rebates or credits for corporations located in Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, British Columbia, Northwest Territories and the Yukon.

1989 Provincial corporate income tax rates

(% of federal taxable income)

	* Provincial Low Rate	* Provincial High Rate
Newfoundland	10	16 (Jan 1 – June 30) 17 (July 1 – Dec 31)
Prince Edward Island	15	15
Nova Scotia	10	15
New Brunswick	9	16
Manitoba	10	17
Saskatchewan	10	15
British Columbia	9	14
Northwest Territories	10	10
Yukon Territory	5	10

* The Low Rate of provincial income tax is applied to the portion of taxable income that is attributed to the province and upon which the federal Small Business Deduction has been claimed. The High Rate is applied to income that is not eligible for the federal Small Business Deduction.



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Compliance

Canada's self-assessment taxation system relies on the integrity of taxpayers and their voluntary compliance with tax laws. The vast majority of Canadians are willing to pay their share of taxes, and Revenue Canada, Taxation actively supports this conduct in order to keep the system fair to all. Non-compliance undermines fairness by making the honest taxpayers shoulder the responsibilities of the dishonest ones.

Promoting compliance

Revenue Canada, Taxation promotes compliance by

- providing timely information to taxpayers and maintaining open communications with them so that they are better able to fulfil their responsibilities,
- providing educational materials and speakers to explain the tax system to taxpayers,
- administering various compliance and enforcement programs, and
- identifying areas of non-compliance and recommending changes in tax legislation to address these problems.

All these activities help ensure that everyone pays a fair share of taxes – no more, no less.

Compliance programs

Non-compliance includes: failure to report income, claiming improper deductions or expenses, failure to file income tax returns, claiming improper tax credits, failure to remit source deductions, falsification of financial records or documents and failure to maintain proper records.

Under-reporting of income is the most common non-compliance problem. Next is the claiming of non-allowable deductions.

The Department's compliance programs and operations focus on six areas: audit, examination, delinquent action, source deductions, special investigations and compliance research.

Field audit program

The field audit program is directed at taxpayers who have sources of income other than a regular salary – generally, self-employed persons, professionals, business people, farmers and fishermen. Trusts and corporate taxpayers are also covered by this program.

The program verifies that self-assessment is working properly; this usually involves the examination of taxpayer books and records.

Throughout the year, the program undertakes a constant evaluation of the information submitted on the returns of individuals, employers, corporations and trusts. By applying various statistical formulas or file selection criteria to the facts on hand, lists of taxpayer returns are generated that indicate the highest probability of non-compliance.

If the Department notices a significant lack of compliance with tax laws among any group of taxpayers, all returns within that group may come under closer scrutiny. This approach makes optimum use of departmental resources and supports voluntary compliance.

Field audits vary with the complexity of the taxpayer's return and involve limited or detailed examinations of taxpayer records. This may take from a few days to several weeks to complete. Departmental staff may audit the records of small businesses, professionals and farmers as well as larger companies. Large corporations are audited more frequently and extensively because of the complexity of tax issues involved.

Some audits are conducted on an industry-wide basis and involve the co-ordinated audits of a number of corporations within each industry. This ensures a consistent approach and is effective for industries with specialized operating, accounting and tax law application.

In assessing and collecting taxes, the Department's principal objective is to ensure the fair and impartial treatment of every taxpayer. Audits are reviewed in the district offices, while head office co-ordinates and tests these reviews to make certain that tax laws are applied consistently and uniformly.

Examination program

The examination program has three components: office examination, matching and post-assessing. This program concentrates on taxpayers who report rental, investment and commission income as well as self-employed individuals and corporations at the low end of the gross income range. The matching component looks at the detection and correction of cases of unreported income and incorrect spousal-related claims such as the child tax credit, the married amount and the child care expenses deduction. Post-assessing identifies and corrects improper or incorrect claims.

Delinquent action program

The purpose of the delinquent action program is to obtain both income tax returns and tax information slips (such as T4, T5 or T600 slips) required by the Income Tax Act. This program looks at both late filers and non-filers to ensure that those who should file a tax return do so.

Source deductions program

The source deductions program checks the records of delinquent employers in order to find out how much they have failed to deduct or remit. In addition, the program audits employment income to uncover unreported benefits that have been given to employees. It also reviews seemingly incorrect deductions of CPP/UI from reported pensionable and insurable earnings. The Non-Resident Taxation Division conducts audits of payments made to non-residents – interest, dividends and royalties, for instance – to detect income that is subject to non-resident tax or to ensure that non-resident taxes are withheld and remitted.

Special investigations program

The special investigations program conducts criminal investigations and recommends the prosecution of significant cases of deliberate or willful tax evasion covering taxpayers with incomes from either legal or illegal sources. During the fiscal year ending March 31, 1989, the Special Investigations Division prosecuted 103 cases through the courts. This resulted in 98 convictions and fines totalling $5,292,729. There were five acquittals.

Compliance research

The Compliance Research Division is responsible for researching and identifying areas of non-compliance and for recommending changes in legislation and new compliance program initiatives which will improve non-compliance detection and enforcement.

Taxpayer records and files

Taxpayers must keep books and records, including supporting documents, in an orderly manner at their place of business or their residence in Canada. In general, these business records and supporting documents must be kept for at least six years from the end of the last taxation year to which they relate.

Taxpayers who wish to destroy books or records before the end of the six-year period must apply in writing with form T137 to the director of the district office in their area. (Refer to Information Circular 78-10R2 on books and records for more information.) Note that Revenue Canada, Taxation may only grant permission to destroy records for income tax purposes. Permission may also be required from other authorities such as other federal departments and provincial, territorial or municipal governments.

Reassessments and penalties

If the Department believes the taxpayer understated the amount of tax knowingly or as a result of gross negligence, the taxpayer is informed that a penalty is being considered and is invited to present reasons why it should not be applied. On receipt of the taxpayer's response, departmental staff at a more senior level review the full circumstances. The Department may then decide to apply a penalty, usually $100 or 50 per cent of the understatement of both federal and provincial tax, whichever is greater.

A taxpayer who receives a reassessment notice as the result of an audit has the right to file a notice of objection within 90 days of the date of the reassessment notice.

If it appears that a taxpayer deliberately attempted to defraud the government, and by extension all Canadians, the case will be referred to the Special Investigations Division, which deals with instances of suspected tax evasion.

More detailed information on the audit program is available in Information Circular IC 71-14R4, *The Tax Audit*.

Publicity

While the Department does not issue information on individual convictions, departmental officials are expected to answer any media requests for information that is on public record. In addition, the Department regularly releases a general report on tax evasion prosecutions and convictions.

Voluntary disclosures

Voluntary compliance with Canada's tax laws contributes greatly to the efficient administration of Revenue Canada, Taxation's statutory and fiscal responsibilities. Departmental policy encourages taxpayers to report voluntarily any deficiencies in their past dealings with the Department. This policy is described in detail in Information Circular IC 85-1R, *Voluntary Disclosures*.

In most cases, persons who have failed to file a required return or who have filed incorrect returns, and subsequently make a voluntary disclosure that is substantially complete, will be permitted to settle any liability of tax with statutory interest and late-filing penalties. The Department will not prosecute such persons or seek to impose any civil penalties for gross negligence or willful evasion. The identity of anyone making a voluntary disclosure will be kept confidential, as are all matters between the Department and the taxpayer. Persons wishing to avail themselves of this administrative policy should contact the director of their district office.

Tax planning

While taxpayers certainly have the right to arrange their finances so that they pay the least amount of tax within the law, Revenue Canada, Taxation has a responsibility to review fiscal advantages to determine whether they are in conformity with the provisions of the Income Tax Act.

9

Appeals

The Canadian tax system aims at fairness even when differences arise between taxpayers and Revenue Canada, Taxation. The Canadian Income Tax Act gives taxpayers the right to contest an assessment or reassessment, and the Department affirms this prerogative through its Declaration of Taxpayer Rights.

The appeal process begins within the Department where mechanisms for resolving disputes are designed to do so in an impartial and timely manner.

First step: the district office

Taxpayers who do not understand or who disagree with a notice of assessment or reassessment should first contact their nearest district office for an explanation. They can do so by telephone, in writing or in person in the official language of their choice.

Most disputes result from misunderstandings, for example, confusion over the explanation on the notice of assessment. Taxpayers can usually receive satisfactory answers through their district office and avoid the need to use the formal objection process. Indeed, a large number of cases are resolved at this level.

Notice of objection

If differences persist after discussions with the district office, the taxpayer may file a notice of objection. An appeals officer in a district office will conduct an impartial review of the case, contacting the taxpayer to discuss the issues. The officer will then make recommendations to the chief of Appeals.

The notice of objection must be filed within 90 days from the date the assessment or reassessment notice was mailed and *must set out the reasons* for the objection as well as all relevant facts. The taxpayer should send the notice of objection (form T400A, available from district offices) by registered mail to the Deputy Minister, Revenue Canada, Taxation, 875 Heron Road, Ottawa, Ontario, K1A 0L8.

Filing an objection allows the taxpayer to defer payment of the amount in controversy. (There are limits to this period of deferment.) About 85 per cent of objections are resolved to the satisfaction of both taxpayers and the Department.

Judicial review

If still dissatisfied, the taxpayer may appeal to the Tax Court of Canada within 90 days from the date the Department mails its decision on the objection. The taxpayer may also file such an appeal if a departmental decision has not been received within 90 days of first serving the objection.

Under a new Tax Court of Canada Act, this court will soon offer two procedures for appeal – an informal and a formal one. (The latter is called the general procedure.) Each has specific advantages as well as restrictions and rules. The taxpayer may choose the procedure most appropriate to the case at hand.

Tax court decisions may be taken further to the Federal Court of Appeal. This may be done by either the Department or the taxpayer. The appeal court's rulings, in turn, may be challenged through the Supreme Court of Canada, with that court's permission.

Canada Pension Plan and Unemployment Insurance

The Minister of National Revenue deals directly with concerns about the Canada Pension Plan and Unemployment Insurance. Employees or employers may apply to the Minister to determine whether they are required to pay CPP contributions or UI premiums. An employer who has been reassessed may appeal to the Minister for reconsideration.

guide
guide

10

Taxation's organization

Taxation's organization is constantly evolving to respond to taxpayers' needs. Head office, located in Ottawa, consists of eight branches: Communications and Consultations, Taxation Programs, EDP Systems and Technology, Human Resources, Finance and Administration, Legislative and Intergovernmental Affairs, Corporate Affairs, and Appeals.

The Department also has an extensive field organization of 37 district offices and seven taxation centres whose activities are co-ordinated by five regional offices. District offices provide direct bilingual service to the public, while the taxation centres process and store income tax returns.

As of June 26, 1989

the number of permanent employees in	
• head office	2,626
• five regional offices	85
• thirty-seven district offices	8,975
• seven taxation centres	4,064
• the Department	15,750
the number of temporary employees hired for the filing season	8,780

Employment at Revenue Canada, Taxation

Revenue Canada, Taxation is committed to the principle of equal access to employment for both official languages groups. Based on the linguistic designation of its offices, the Department makes every effort to help employees work in the official language of their choice.

The Department is also committed to the goals of the Employment Equity Program. This program encourages employment practices designed to eliminate and prevent barriers affecting aboriginal peoples, persons with disabilities, members of visible minorities and women.

Through its Centre for Career Development, the Department strives to provide the best possible training, in both official languages, to all its staff. This includes extensive training for all new employees, courses for supervisors and managers, and courses for existing staff on changes in legislation and policy. Temporary employees hired each year for the initial assessment of the T1 returns also receive training. Several courses on the use of micro-computers are available for all staff.

Head Office

Head Office is the administrative decision centre of Revenue Canada, Taxation and develops the Department's plans and policies. Six assistant deputy ministers and two directors general, responsible for the eight branches, report directly to the deputy minister. The director of Legal Services serves in an advisory capacity to the deputy minister.

District offices

The 37 district offices provide the main point of contact between the Department and Canada's 18.3 million individual and corporate taxfilers. They conduct audits and communicate with taxpayers by telephone or in person in the official language of the taxpayer.

From their district office, taxpayers can obtain forms not sent by mail, as well as other publications that they require to fulfil their tax obligations. District office employees answer telephone and over-the-counter enquiries concerning notices of assessments, taxpayer refunds, payment of tax in arrears and late-filed returns. Taxpayers also contact district offices to apply for authorization to destroy records and files.

Seasonal tax assistance centres

To provide information and assistance to a greater number of taxpayers during the months leading up to the April 30 filing deadline, many district offices operate seasonal tax assistance centres in neighbouring communities. These centres are staffed by district office personnel who distribute tax publications in both official languages and answer enquiries about the preparation of tax returns.

Taxation centres

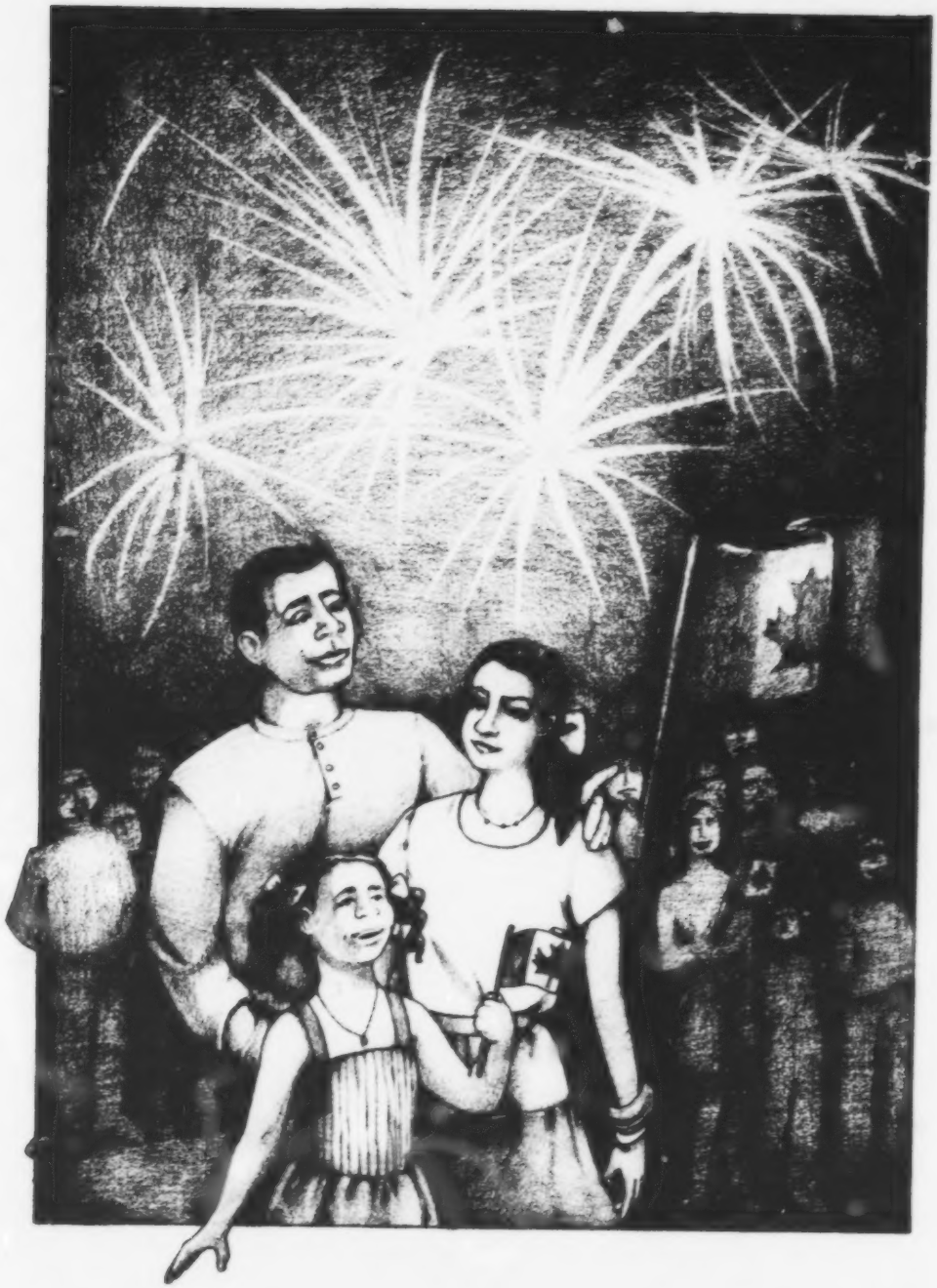
The taxation centres process returns. They send out notices of assessment to taxpayers and forward requests to issue refund cheques to Supply and Services Canada. When processing is completed, tax files are stored at the centres.

The taxation centres also answer taxpayers' letters of enquiry and other correspondence regarding the filing of returns and assessment notices. As well, the centres receive tax instalment payments from individuals, corporations, employers and non-residents, remitted either directly or through financial institutions.

Regional offices

For administrative purposes, Revenue Canada, Taxation has divided Canada into five regions with a central office in each region responsible for operations. The five regional assistant deputy ministers report directly to the deputy minister.

The function of the regional offices is to ensure the uniform and impartial application of departmental programs and policies across Canada. The regional offices are also responsible for co-ordinating the activities of the district offices and taxation centres in their region.



Statistics

11

Statistical tables

The majority of the tables on the following pages have been selected from the 1989 edition of *Taxation Statistics* to give a general picture of the range of statistics available from the Department. These statistics are based on an analysis of the 17.1 million T1 returns filed for the 1987 taxation year.

Collections

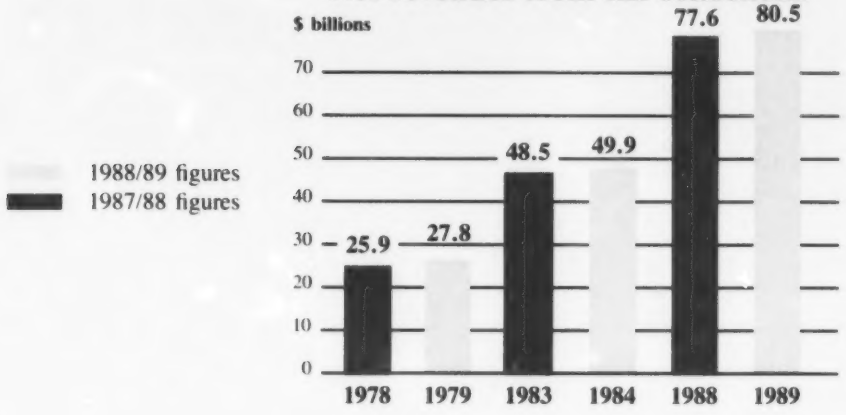
(fiscal years 1987-89)

	Gross ($ millions)		Refunds ($ millions)		Net ($ millions)	
	1987/88	1988/89	1987/88	1988/89	1987/88	1988/89
Individual tax, CPP contributions and UI premiums	88,480.8	93,613.6	7,891.6	10,384.2	80,589.3	83,229.4
Corporation tax	14,959.0	16,360.3	2,923.8	3,230.4	12,035.2	13,129.9
Non-resident tax	1,184.9	1,610.0	23.3	32.1	1,161.7	1,577.9
Petroleum and gas tax	72.7	142.2	147.2	32.0	-74.7	110.2
Resource royalty tax	.3	-3.6	.8	1.7	-.5	-5.3
Miscellaneous tax (includes estate tax)	225.1	292.6	21.3	31.7	203.8	260.9
Total	104,922.8	112,015.1	11,008.0	13,712.1	93,914.8	98,303.0

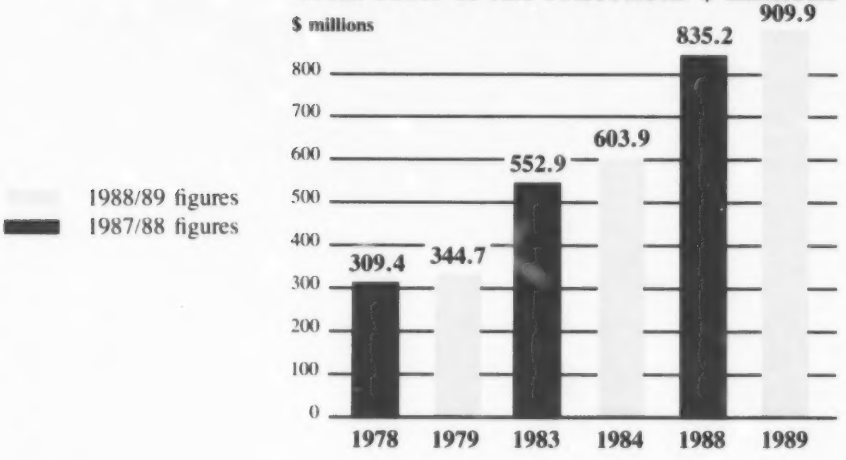
	1987/88	1988/89
Average funds received per working day	$419,691,200	448,060,400
Cost to collect $100 in tax	$1.08	$1.17

Revenues and costs of collections

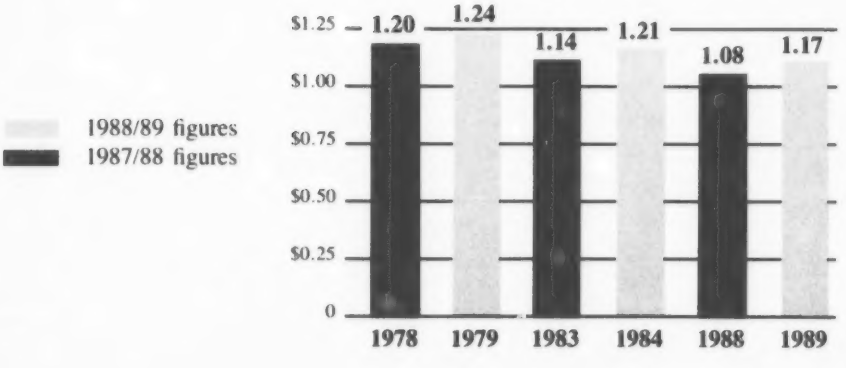
Net revenues from tax collections



Total costs of tax collections $ millions



Net cost to collect $100 of tax



Annual net collections of Revenue Canada, Taxation

Taxation for selected years

Fiscal Year Ended	Taxes on Individual Incomes	CPP Contributions	UI Premiums	Non-resident Tax	Succession Duties or Estate Tax	Taxes on Corporate Incomes	Excess Profits and Other Special Taxes *	Petroleum & Gas Resource Royalty and Miscellaneous Taxes	Total Collections
	($ millions)			($ millions)		($ millions)		($ millions)	($ millions)
1917	–	–	–	–	–	–	12.5	–	12.5
1920	13.2	–	–	–	–	7.1	44.1	–	64.4
1925	25.2	–	–	–	–	31.1	2.7	–	59.0
1930	27.2	–	–	–	–	41.8	.2	–	69.2
1935	25.2	–	–	5.8	–	35.8	–	–	66.8
1940	45.4	–	–	11.1	–	77.9	–	–	134.4
1945	767.8	–	–	28.6	17.2	276.4	465.8	–	1,555.8
1950	622.0	–	–	47.5	29.9	603.2	1.8	–	1,300.8
1955	1,284.4	–	–	61.3	44.8	1,066.5	–	–	2,457.0
1960	1,752.2	–	–	73.4	88.4	1,234.2	–	–	3,148.2
1965	2,903.9	–	–	143.7	88.6	1,804.5	–	–	4,940.7
1966	3,166.6	94.9	–	170.0	108.4	1,891.1	–	–	5,431.0
1967	3,747.5	587.5	–	203.6	101.1	1,874.9	196.2	–	6,710.8
1968	4,610.5	640.6	–	220.5	102.2	1,987.5	39.1	–	7,600.4
1969	5,420.3	698.0	–	205.6	112.4	2,416.8	−94.5	–	8,758.6
1970	6,916.3	745.6	–	248.6	100.6	3,080.0	102.7	–	10,988.4
1971	8,026.5	812.9	–	258.2	119.8	2,653.3	−35.1	–	11,835.6
1972	9,148.5	826.0	110.5	287.7	132.0	2,664.6	−1.7	–	13,167.6
1973	10,469.4	897.4	763.4	291.8	71.6**	3,287.8	−.8	–	15,780.6
1974	11,603.1	1,019.4	1,022.1	323.7	38.7**	4,087.7	−.4	–	18,094.3
1975	14,593.2	1,238.8	1,620.9	427.4	24.7**	5,386.4	–	–	23,291.4
1976	15,955.9	1,489.2	2,087.1	481.3	5.5***	6,610.7	–	–	26,629.7
1977	18,499.1	1,684.2	2,528.0	450.9	1.2	5,958.8	–	–	29,122.2
1978	18,661.3	1,845.5	2,594.8	502.7	–	6,625.8	–	–	30,230.1
1979	19,965.5	2,124.1	2,865.3	568.1	–	7,218.0	–	–	32,741.0
1980	22,710.5	2,367.5	2,857.1	787.2	–	8,511.6	–	–	37,233.9
1981	27,788.9	2,689.3	3,409.9	866.9	–	9,537.6	–	124.5	44,417.1
1982	33,829.0	3,281.9	4,887.4	1,018.1	–	9,316.8	–	983.6	53,316.8
1983	37,778.5	3,446.4	5,038.9	998.0	–	7,593.7	–	2,091.0	56,946.5
1984	38,912.3r	3,715.9r	7,465.4	908.3	–	7,963.9	–	2,230.5	61,196.3
1985	41,491.3	3,879.5	7,777.1	1,020.9	–	10,046.7	–	2,668.6	66,884.1
1986	45,220.7r	4,495.1	8,955.8	1,007.5r	–	9,678.0r	–	2,061.3r	71,418.4r
1987	53,351.1r	4,975.7	9,813.6	1,355.5r	–	10,588.4r	–	615.1r	80,699.7r
1988	64,335.2	5,583.2	10,670.8	1,161.7	–	12,035.2r	–	128.7	93,914.8
1989	65,473.1	6,248.3	11,508.0	1,578.0	–	13,129.9	–	370.5	98,303.0

* Indicates special refundable tax payable by corporations and certain trusts in 1967 and subsequent years. Negative figures indicate that refunds exceeded collections.
** Includes provincial succession duties and gift tax.
***Estate tax not included in 1976.

Source: *Report of the Department of National Revenue Customs Excise and Taxation for the Fiscal Year Ended March 31, 1989*, Supply and Services Canada, Ottawa, Ontario, 1989.

Distribution of taxable Canadians according to total income

Tax years 1953-87

Number with total income in the ranges below

Tax Year	Under $5,000	$5,000 to $10,000	$10,000 to $15,000	$15,000 to $20,000	$20,000 to $25,000
1953	3,032,920	292,140	36,250	13,200	5,760
1954	3,033,590	307,900	38,170	14,000	6,310
1955	3,121,860	360,430	43,000	15,960	6,700
1956	3,331,410	490,804	48,968	17,504	7,376
1957	3,376,019	600,276	58,996	19,715	8,132
1958	3,256,281	676,240	68,351	22,931	9,330
1959	3,317,762	797,271	76,753	24,389	10,027
1960	3,334,160	913,885	85,765	26,879	11,388
1961	3,331,948	1,015,124	97,899	30,852	12,612
1962	3,326,418	1,173,963	112,803	33,381	13,944
1963	3,416,001	1,306,679	131,197	35,568	15,317
1964	3,496,576	1,562,635	151,904	43,158	19,122
1965	3,572,656	1,860,115	191,656	50,740	21,504
1966	3,695,135	2,195,334	256,673	65,112	25,976
1967	3,669,853	2,490,063	334,048	81,645	31,997
1968	3,560,427	2,778,210	429,311	103,092	38,463
1969	3,550,877	2,985,437	577,150	131,906	48,280
1970	3,450,040	3,127,045	756,246	169,547	58,438
1971	2,793,725	3,220,092	975,065	219,288	69,919
1972	2,765,310	3,487,239	1,297,754	306,426	99,876
1973	2,410,466	3,637,260	1,669,022	452,524	147,398
1974	1,882,585	3,580,241	2,155,194	779,873	257,830
1975	855,706	3,327,068	2,404,110	1,105,590	402,441
1976	625,462	3,014,646	2,506,617	1,450,667	622,146
1977	324,739	2,716,539	2,477,668	1,682,983	810,976
1978	153,226	2,329,742	2,518,652	1,826,996	983,669
1979	147,503	2,272,996	2,552,118	1,902,370	1,199,175
1980	92,828	2,033,003	2,466,918	1,933,078	1,423,486
1981	65,705	1,758,053	2,379,565	1,967,226	1,537,388
1982	29,209	1,460,547	2,161,649	1,924,909	1,522,683
1983	19,187	1,205,380	2,032,483	1,872,787	1,482,566
1984	19,740r	1,236,883	2,011,036	1,888,698	1,498,161
1985	15,926	1,312,521	2,041,763	1,900,727	1,546,988
1986	86,490	1,961,950	2,163,330	1,931,570	1,614,980
1987	73,420	1,945,300	2,185,560	1,940,910	1,667,950

$25,000 to $30,000	$30,000 to $40,000	$40,000 to $50,000	$50,000 to $100,000	$100,000 and Over	Total Number of Taxable Returns
–	–	–	1,700	250	3,389,530
–	–	–	1,550	370	3,410,160
–	–	–	1,920	460	3,558,650
–	–	–	2,084	432	3,908,176
–	–	–	2,202	453	4,076,465
–	–	–	2,463	475	4,048,252
–	–	–	2,562	495	4,242,490
–	–	–	2,745	549	4,389,766
–	–	–	2,964	602	4,507,767
–	–	–	3,048	558	4,681,227
–	–	–	3,302	554	4,927,373
–	–	–	4,129	749	5,301,219
–	–	–	4,808	851	5,728,942
–	–	–	5,679	925	6,276,579
–	–	–	7,243	1,145	6,655,683
–	–	–	9,123	1,453	6,966,914
–	–	–	11,583	1,743	7,363,963
–	–	–	13,529	1,888	7,641,731
–	–	–	16,400	2,145	7,372,571
43,864	38,380	17,515	21,157	3,494	8,081,015
62,637	56,013	24,277	29,453	5,469	8,494,519
103,997	84,981	35,549	41,931	8,051	8,930,232
161,080	121,070	47,431	56,194	11,055	8,491,745
268,048	180,931	61,192	64,930	12,092	8,806,731
354,827	236,035	72,956	74,709	13,286	8,764,718
455,378	327,232	101,728	98,951	17,715	8,813,289
625,020	467,456	140,192	131,353	27,603	9,465,786
826,293	666,133	223,303	202,291	39,509	9,906,842
1,044,946	1,007,188	338,573	278,323	53,657	10,430,624
1,178,304	1,258,031	460,352	364,847	67,495	10,428,026
1,194,649	1,373,575	546,299	398,929	75,545	10,201,400
1,222,467	1,564,143	662,262	464,357	82,491	10,650,238
1,262,515	1,693,003	790,844	579,657	103,149	11,247,093
1,277,900	1,804,040	893,380	685,740	118,250	12,537,620
1,325,290	1,939,040	1,030,920	823,470	131,940	13,063,790

Notes: Total income is the sum of income from employment, pension income, income from other sources and net self-employment income. Allowable expenses from employment have not been deducted from employment income.

Source: *Taxation Statistics*, 1989 ed., Supply and Services Canada, Ottawa, 1987, Historical Table 2.

Total returns filed according to age and sex

Tax year 1987

	Non-taxable Returns		Taxable Returns		Total Returns Filed		
Age	Male	Female	Male	Female	Male	Female	Total
Under 20	284,020	282,870	180,330	101,710	464,350	384,580	848,930
20-24	191,600	338,650	798,610	665,370	990,210	1,004,020	1,994,230
25-29	94,760	329,740	1,020,140	802,090	1,114,900	1,131,830	2,246,730
30-34	81,850	350,260	1,001,410	724,800	1,083,260	1,075,060	2,158,320
35-39	70,930	286,300	890,490	681,240	961,420	967,540	1,928,960
40-44	59,120	212,970	772,260	586,160	831,380	799,130	1,630,510
45-49	55,870	149,850	592,100	447,180	647,970	597,030	1,245,000
50-54	52,030	122,210	520,300	357,710	572,330	479,920	1,052,250
55-59	64,850	107,750	510,660	330,050	575,510	437,800	1,013,310
60-64	72,260	111,990	431,420	271,360	503,680	383,350	887,030
65-69	89,310	128,230	328,690	224,380	418,000	352,610	770,610
70-74	71,080	89,920	221,060	169,760	292,140	259,680	551,820
75 and over	107,990	180,840	205,790	217,730	313,780	398,570	712,350
Age not stated	–	–	–	–	14,560	16,770	31,330
Total	1,304,080	2,703,490	7,479,400	5,584,390	8,783,480	8,287,880	17,071,350

Note: The sum of the numbers within the rows and columns may not equal the total due to rounding.

Source: *Taxation Statistics*, Summary Table 4.
Taxation Statistics, Basic Tables of Individual Statistics, Tables 4 and 4A.

General statement by province of all returns filed by individuals

Tax year 1987

Province	Number of Returns	Total Income	Total Exemptions and Deductions	Taxable Income	Federal Income Tax Payable	Provincial Income Tax Payable	Total Tax Payable
		($ millions)					
Newfoundland	343,390	5,172.8	2,639.3	2,823.3	530.9	311.5	842.4
Prince Edward Island	78,470	1,257.9	596.4	712.9	127.2	70.7	197.8
Nova Scotia	559,710	10,106.7	4,427.5	6,087.9	1,177.8	653.1	1,830.9
New Brunswick	463,760	7,499.5	3,538.1	4,378.2	818.5	465.2	1,283.7
Quebec	4,320,500	81,885.8	35,326.7	49,662.5	9,638.4	3.3	9,641.7
Ontario	6,407,920	147,232.3	55,326.4	94,576.5	19,689.4	9,617.8	29,307.1
Manitoba	746,340	13,126.7	6,209.2	7,580.2	1,442.6	862.8	2,305.5
Saskatchewan	620,300	11,429.9	5,227.3	6,660.4	1,250.9	722.1	1,973.1
Alberta	1,521,260	32,566.4	12,817.7	20,597.2	4,173.9	2,056.3	6,230.2
British Columbia	1,935,810	41,339.2	16,815.3	25,594.0	5,188.7	2,602.6	7,791.2
Northwest Territories	28,050	679.1	284.5	416.8	87.1	36.3	123.3
Yukon	16,670	379.8	172.9	214.8	41.5	18.2	59.7
Non-residents	29,180	584.6	218.5	395.9	118.8	2.5	121.3
Canada	17,071,350	353,260.7	143,599.9	219,700.5	44,285.7	17,422.3	61,708.0

Notes: In this table, income figures, especially average figures, should not be taken as representing all income earners in Canada. They represent only data for persons who have filed tax returns. Allocation of taxfilers by province has been made on the basis of declared province of residence on the last day of the year. Assessed taxable income does not equal total income less total exemptions because some returns in which exemptions, deductions and forward averaging deductions exceed the total income are taxable (with regard to lump-sum payments) but the taxable income is recorded as zero in such instances. While taxable income is recorded on some non-taxable returns, no tax is payable in such cases after the application of tax adjustments and tax credits.

The sum of the numbers within the rows and columns may not equal the totals due to rounding.

Source: *Taxation Statistics*, Basic Tables of Individual Statistics, Table 1.

All returns by occupation

Tax year 1987

Arranged in order of average income

Occupation	Number	Average Income	Total Income	% of Grand Total	Average Federal Tax	Federal Tax	% of Grand Total
		($)	($ millions)		($)	($ millions)	
Doctors and surgeons	36,790	99,195	3,649.4	1.03	21,524	791.9	1.79
Dentists	8,700	82,717	719.7	.20	16,807	146.2	.33
Lawyers and notaries	21,930	76,331	1,674.2	.47	15,480	339.5	.77
Accountants	11,780	60,198	709.3	.20	10,464	123.3	.28
Engineers and architects	5,820	41,771	243.3	.07	7,016	40.9	.09
Other professionals	66,840	28,114	1,897.2	.53	4,110	274.7	.62
Investors	1,027,820	25,626	26,339.4	7.46	2,879	2,959.0	6.68
Employees (detailed below)	11,226,240	23,711	266,185.0	75.35	3,150	35,362.9	79.85
Fishermen	40,190	22,804	916.5	.26	2,617	105.2	.24
Salespersons	41,120	21,027	864.6	.24	2,607	107.2	.24
Property owners	134,570	20,972	2,822.2	.80	2,648	356.4	.80
Farmers	265,910	17,365	4,617.4	1.31	1,267	337.0	.76
Business proprietors	566,640	15,541	8,806.4	2.49	1,640	929.3	2.10
Pensioners	1,800,140	13,445	24,203.3	6.85	893	1,607.7	3.63
Entertainers and artists	21,640	13,382	289.6	.08	1,482	32.1	.07
Unclassified	1,795,210	5,203	9,341.2	2.64	430	772.5	1.74
Total	17,071,350	20,693	353,260.7	100.00	2,594	44,285.7	100.00
Employees							
Teachers and professors	252,110	38,290	9,653.2	2.73	5,579	1,406.6	3.18
Provincial Crown Corporations	152,580	35,715	5,449.3	1.54	5,290	807.2	1.82
Federal Crown Corporations	192,910	32,482	6,266.0	1.77	4,580	883.5	2.00
Federal government	307,590	31,497	9,688.2	2.74	4,432	1,363.3	3.08
Armed forces	83,590	30,911	2,583.9	.73	4,365	364.9	.82
Provincial governments	380,320	28,019	10,656.2	3.02	3,673	1,397.0	3.15
Municipal governments	645,620	26,791	17,296.9	4.90	3,507	2,264.4	5.11
Business enterprises	7,693,570	22,742	174,970.3	49.53	3,045	23,423.4	52.89
Institutions	982,610	22,438	22,048.3	6.24	2,696	2,649.4	5.98
Unclassified	535,350	14,145	7,572.7	2.14	1,500	803.3	1.81
Total	11,226,240	23,711	266,185.0	75.35	3,150	35,362.9	79.85

Notes: Income figures in this table consist of income from all sources before personal exemptions, pension contributions, and standard or other deductions. Occupation in this table is determined by chief source of income. For example, a lawyer or doctor whose chief source of income is salary is classified as an employee; if investments, as an investor, and so forth. Federal tax consists of federal income tax and federal forward averaging tax.

The sum of the numbers within the rows and columns may not equal the totals due to rounding.

Source: *Taxation Statistics*, Summary Table 3.

Returns by selected cities

Tax year 1987

Cities Arranged Alphabetically and Ranked in Order of Average Income	All Returns				Taxable Returns			
	Rank	Number of Returns	Average Income ($)	Total Income ($000)	Number of Returns	Average Income ($)	Total Income ($000)	Total Tax Payable ($000)
Abbotsford, B.C.	86	27,370	19,153	54,214	20,750	24,157	501,350	91,021
Ajax, Ont.	22	28,090	25,045	703,405	23,870	28,984	691,706	150,103
Anjou, Que.	56	25,880	20,803	538,377	21,090	24,825	523,673	65,945
Barrie, Ont.	47	39,850	21,357	851,078	31,930	25,826	824,631	161,661
Beauport, Que.	94	40,740	18,292	745,159	30,740	23,384	718,790	87,032
Belleville, Ont.	68	32,350	20,121	650,946	24,980	25,091	626,694	117,468
Brampton, Ont.	28	132,280	23,912	3,163,077	111,540	27,818	3,102,717	665,633
Brandon, Man.	109	34,710	16,022	556,081	25,080	21,105	529,358	91,697
Brantford, Ont.	74	56,510	19,717	1,114,208	44,160	24,298	1,073,074	202,062
Brossard, Que.	23	38,010	24,317	924,211	30,740	29,418	904,408	123,158
Burlington, Ont.	6	81,760	27,294	2,231,457	67,810	32,152	2,180,408	480,106
Burnaby, B.C.	61	102,790	20,392	2,096,108	83,930	24,160	2,027,690	410,039
Calgary, Alta.	25	441,100	24,113	10,636,356	359,550	28,868	10,379,580	2,214,177
Cambridge, Ont.	63	59,610	20,366	1,213,993	47,920	24,554	1,176,618	231,813
Charlesbourg, Que.	64	46,200	20,313	938,556	36,210	25,177	911,565	114,152
Chatham, Ont.	58	33,490	20,522	687,303	26,060	25,436	662,806	128,420
Chicoutimi, Que.	90	39,640	18,720	742,150	28,810	24,862	716,313	88,426
Chilliwack, B.C.	98	29,620	18,015	533,607	21,940	23,161	508,081	89,303
Coquitlam, B.C.	37	42,350	22,365	947,266	34,690	26,642	924,260	189,291
Cornwall, Ont.	99	34,350	18,010	618,619	25,310	23,392	592,016	111,137
Dartmouth, N.S.	59	58,500	24,478	1,198,015	46,060	25,279	1,164,480	234,327
Delta, B.C.	26	49,920	24,000	1,198,048	40,690	28,692	1,167,485	245,811
Dollard des Ormeaux, Que.	17	26,270	25,192	661,713	21,470	30,147	647,168	89,164
Drummondville, Que.	106	32,940	16,817	553,878	24,400	21,613	527,284	60,827
Edmonton, Alta.	52	383,550	21,102	8,093,928	305,120	25,748	7,856,241	1,563,430
Etobicoke, Ont.	11	132,970	25,878	3,440,896	112,140	29,989	3,362,921	732,888
Fredericton, N.B.	75	42,500	19,650	835,220	32,490	24,749	804,008	157,686
Gatineau, Que.	65	54,410	20,212	1,099,706	43,590	24,636	1,073,948	139,285
Gloucester, Ont.	13	63,360	25,601	1,622,054	52,330	30,438	1,592,822	337,966
Guelph, Ont.	38	60,240	22,157	1,334,877	48,760	26,553	1,294,675	257,457
Granby, Que.	102	33,850	17,822	603,374	25,850	22,408	579,248	68,892
Halifax, N.S.	39	80,050	22,156	1,773,721	63,840	26,784	1,709,856	351,517
Halton Hills, Ont.	24	26,240	24,297	637,656	21,460	29,005	622,537	135,505
Hamilton, Ont.	66	215,040	20,192	4,342,279	166,050	25,209	4,186,036	805,991
Hull, Que.	79	39,190	19,325	757,397	30,930	23,708	733,204	92,346
Jonquière, Que.	89	35,920	18,769	674,161	25,520	25,566	652,541	81,059
Kamloops, B.C.	67	42,520	20,181	858,045	32,620	25,469	830,685	162,070

Returns by selected cities (continued)

Cities Arranged Alphabetically and Ranked in Order of Average Income	All Returns				Taxable Returns			
	Rank	Number of Returns	Average Income ($)	Total Income ($000)	Number of Returns	Average Income ($)	Total Income ($000)	Total Tax Payable ($000)
Kelowna, B.C.	92	54,190	18,487	1,001,829	40,560	23,395	949,006	171,309
Kingston, Ont.	44	64,730	21,496	1,391,389	50,350	26,744	1,346,545	264,260
Kitchener, Ont.	49	108,760	21,241	2,310,166	88,050	25,447	2,240,632	442,888
Langley, B.C.	51	34,610	21,184	733,122	27,080	26,173	708,667	143,371
LaSalle, Que.	87	51,190	19,126	979,000	41,300	22,999	949,784	115,397
Laval, Que.	53	199,760	20,930	4,181,096	160,470	25,333	4,065,380	522,828
Lethbridge, Alta.	72	42,800	19,903	851,785	34,120	24,108	822,670	149,567
London, Ont.	40	194,270	22,061	4,285,990	154,580	26,855	4,151,345	826,311
Longueuil, Que.	93	84,150	18,482	1,555,225	64,720	23,261	1,505,549	185,810
Markham, Ont.	3	105,420	31,148	3,283,672	89,000	36,211	3,222,776	762,797
Medicine Hat, Alta.	76	28,260	19,645	555,207	22,140	24,152	534,606	98,636
Mississauga, Ont.	12	262,990	25,641	6,743,383	221,680	29,830	6,612,940	1,456,483
Moncton, N.B.	100	45,320	17,998	815,738	33,500	23,295	780,365	148,525
Montréal, Que.	91	723,260	18,670	13,503,574	546,810	23,646	12,929,936	1,586,046
Montréal-Nord, Que.	107	52,410	16,600	869,949	39,670	21,008	833,343	98,663
Nanaimo, B.C.	80	34,630	19,259	666,943	26,140	24,490	640,243	121,494
Nepean, Ont.	7	62,020	27,029	1,676,354	51,430	31,925	1,641,921	361,217
Newmarket, Ont.	16	26,520	25,249	669,656	22,000	29,742	654,389	142,681
New Westminster, B.C.	70	27,760	19,947	553,750	21,900	24,363	533,488	103,207
Niagara Falls, Ont.	84	50,570	19,175	969,653	38,130	24,339	927,999	176,294
North Bay, Ont.	78	36,200	19,535	707,073	26,810	25,347	679,517	129,550
North Vancouver, B.C.	18	72,670	25,133	1,826,357	60,680	29,328	1,779,566	374,055
North York, Ont.	9	296,130	26,402	7,818,670	243,870	31,274	7,626,971	1,696,860
Oakville, Ont.	2	66,470	31,418	2,088,502	55,710	36,760	2,048,024	490,970
Oshawa, Ont.	35	85,570	22,499	1,925,216	68,700	27,293	1,874,940	389,099
Ottawa, Ont.	14	234,560	25,357	5,947,759	190,820	30,412	5,803,257	1,200,916
Peterborough, Ont.	71	51,460	19,912	1,024,752	39,530	24,880	983,437	183,437
Pickering, Ont.	8	36,140	26,935	973,471	30,790	31,113	957,952	213,430
Pierrefonds, Que.	36	27,070	22,384	605,952	21,890	26,963	590,169	78,709
Prince George, B.C.	50	47,900	21,231	1,017,082	36,610	27,092	991,903	205,893
Québec, Que.	101	116,430	17,991	2,094,672	85,090	23,533	2,002,432	240,666
Red Deer, Alta.	57	37,670	20,710	780,092	29,880	25,307	756,277	149,510
Regina, Sask.	45	118,930	21,466	2,553,097	95,330	26,036	2,482,106	506,952
Repentigny, Que.	27	28,980	23,955	694,216	23,870	28,507	680,398	92,506
Richmond, B.C.	30	74,660	23,275	1,737,720	61,950	27,315	1,692,185	342,951
Richmond Hill, Ont.	4	41,750	28,797	1,202,326	35,790	32,946	1,178,991	270,255

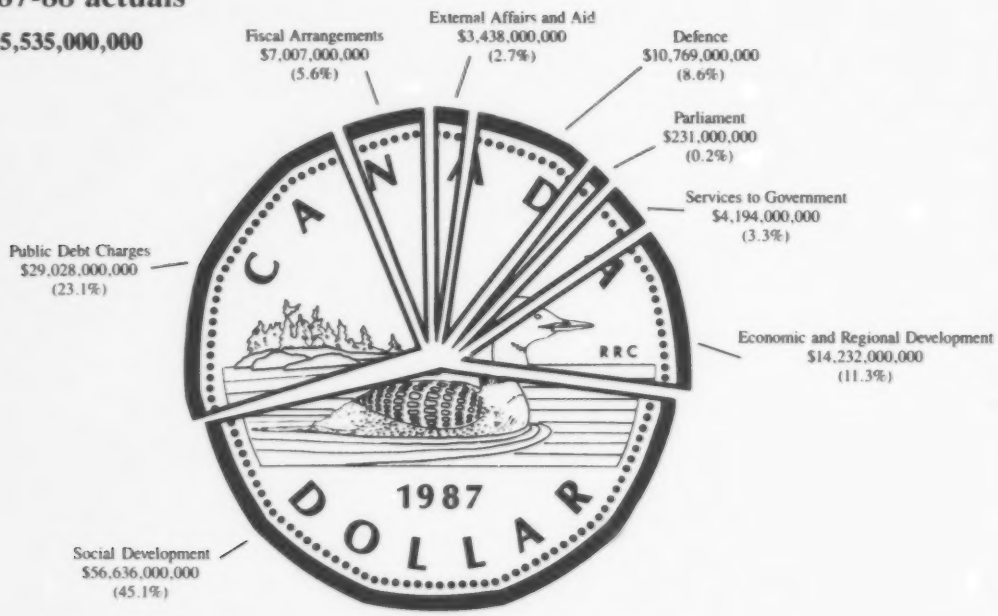
Cities Arranged Alphabetically and Ranked in Order of Average Income	All Returns				Taxable Returns			
	Rank	Number of Returns	Average Income ($)	Total Income ($000)	Number of Returns	Average Income ($)	Total Income ($000)	Total Tax Payable ($000)
St-Albert, Que.	19	25,010	25,122	628,232	20,950	29,419	616,315	131,362
St. Catharines, Ont.	48	85,030	21,287	1,810,143	65,860	26,573	1,750,139	349,158
Ste. Foy, Que.	33	56,420	22,867	1,290,185	44,920	27,862	1,251,602	160,998
Saint-Hubert, Que.	82	44,530	19,231	856,472	35,100	23,793	105,238	105,238
Saint-Hyacinthe, Que.	97	27,780	18,057	501,533	21,020	22,618	475,481	55,598
Saint John, N.B.	105	54,360	17,454	948,829	39,400	22,973	905,205	168,520
St. John's, Nfld.	85	62,370	19,174	1,195,869	46,790	24,554	1,148,950	238,906
Saint-Laurent, Que.	54	45,100	20,852	940,463	35,580	25,523	908,116	113,237
St. Leonard, Que.	96	48,860	18,106	884,673	39,020	21,922	855,336	102,375
St. Thomas, Ont.	77	25,500	19,579	499,299	20,040	24,002	480,896	88,581
Sarnia, Ont.	29	45,390	23,357	1,060,186	35,400	29,014	1,027,203	213,755
Saskatoon, Sask.	60	119,640	20,443	2,445,808	93,720	25,280	2,369,207	471,194
Sault-Ste-Marie, Ont.	73	55,510	19,770	1,097,513	40,730	25,964	1,057,655	205,442
Scarborough, Ont.	41	327,050	22,059	7,214,697	268,570	26,164	7,027,101	1,416,260
Sherbrooke, Que.	104	56,420	17,575	991,646	40,980	22,986	941,922	110,134
Stoney Creek, Ont.	31	31,590	22,913	723,914	25,680	27,449	704,977	142,983
Strathcona Cty, Alta.	21	30,260	25,049	758,099	24,910	29,822	743,003	159,962
Sudbury, Ont.	62	62,630	20,390	1,277,030	46,860	26,244	1,229,913	242,799
Surrey, B.C.	69	117,490	20,096	2,361,188	92,450	24,738	2,287,053	444,811
Sydney, N.S.	108	25,990	16,490	428,530	18,060	22,478	405,876	76,559
Thunder Bay, Ont.	43	82,330	21,510	1,770,979	64,960	26,413	1,751,677	341,097
Timmins, Ont.	55	30,990	20,810	644,949	22,900	27,180	622,286	128,890
Toronto, Ont.	20	755,660	25,111	18,975,815	605,230	30,477	18,446,128	4,050,934
Trois Rivières, Que.	103	35,330	17,689	624,972	24,780	24,001	594,675	73,107
Vancouver, B.C.	32	326,040	22,891	7,463,627	254,980	28,260	7,205,804	1,492,883
Vaughan, Ont.	5	36,680	28,054	1,029,022	31,030	32,559	1,010,217	246,015
Verdun, Que.	88	40,660	19,123	777,466	30,800	24,312	748,860	94,192
Vernon, B.C.	95	26,320	18,275	481,096	19,390	23,558	456,750	83,296
Victoria, B.C.	46	159,850	21,362	3,414,777	128,670	25,556	3,288,272	613,662
Waterloo, Ont.	15	44,250	25,305	1,119,847	36,030	30,225	1,089,069	231,849
Welland, Ont.	81	32,690	19,236	628,768	24,600	24,556	603,958	115,746
West Vancouver, B.C.	1	25,130	37,444	940,798	20,840	44,060	918,173	222,568
Whitby, Ont.	10	32,170	26,177	842,250	26,710	30,903	825,474	181,606
Windsor, Ont.	42	140,580	21,696	3,049,983	107,490	27,230	2,926,864	588,609
Winnipeg, Man.	83	447,450	19,178	8,581,131	339,530	24,303	8,251,764	1,632,252
York, Ont.	34	65,100	22,518	1,465,901	54,620	26,161	1,428,857	284,625

Note: The ranking in this table is based on the average income of all returns. Cities included had a population of 25,000 or more taxfilers for the 1987 tax year. Consequently, the average incomes here are not necessarily the highest average incomes in Canada.

Source: *Taxation Statistics*, Summary Table 1.

Federal government expenditures
1987-88 actuals

$125,535,000,000



Source: *Public Accounts of Canada, 1987-88*, Summary Report and Financial Statements, Table 1.7

Legend

Social Development
Old Age Security benefits, Unemployment Insurance benefits, Established Programs Financing and Canada Assistance Plan (CAP) payments to the provinces, family allowances and other social categories.

Services to Government
Services, supplies and general accommodation to federal departments and agencies, and the maintenance of roads, bridges, marine facilities, public utilities, federal lands, art galleries and museums.

Parliament
The House of Commons, the Senate and the Library of Parliament.

Defence
Expenditures associated with defence.

External Affairs and Aid
International aid and diplomacy.

Fiscal Arrangements
Transfers and equalization payments to the provinces, and grants paid to local governments and provinces in lieu of taxes on federal property.

Public Debt Charges
Interest (loans, bonds, Canada Savings Bonds, Treasury Bills, Canada Pension Plan, foreign loans, superannuation and other liabilities) and service charges.

Economic and Regional Development
Transportation and communications, agriculture, regional economic development, industrial development, science and technology, fisheries, forestry, and consumer and corporate affairs.

Source: *Department of Finance Canada.*

DISTRICT TAXATION OFFICES	GENERAL ENQUIRIES		FORMS REQUEST LOCAL
	ENGLISH SERVICES		
	LOCAL	LONG DISTANCE	
NEWFOUNDLAND			
St. John's – 215 Water Street, A1C 6C9	772-2610	1-800-563-2600	772-5088
PRINCE EDWARD ISLAND			
Charlottetown – 90 Richmond Street, C1A 8L3	566-7200	1-566-7200	566-7250
NOVA SCOTIA			
Halifax – 1256 Barrington Street, B3J 2T5	426-2210	1-426-2210	426-2151
Sydney – 136 Charlotte St., B1P 6K3	564-7080	1-564-7081	564-7120
NEW BRUNSWICK			
Bathurst – 786 King Avenue, E2A 1R5	548-7100	1-800-222-9622	548-7100
Saint John – 65 Canterbury Avenue, E2L 4H9	648-4600	1-800-222-9622	648-4618
QUEBEC			
Chicoutimi – 100 Lafontaine Street, Office 211, G7H 6X2	545-8026	1-800-463-4421	545-8026
Laval – 3131 St-Martin Boulevard West, H7T 2A7	686-9694	1-800-363-2218	686-9722
Montréal – 305 Rene-Levesque Blvd. West, H2Z 1A6	283-5300	1-800-361-2808	283-5623
Québec – 165, Pointe-aux-Lièvres Street South, G1K 7L3	648-3180	1-800-463-4421	648-4083
Rimouski – 411 Sirois Street, G5L 8B2	722-3111	1-800-463-4421	722-3111
Rouyn-Noranda – 11 Terminus Street East, J9X 3B5	764-5171		797-4299
Calls from area code 418		1-800-567-6428	
Calls from area code 819		1-800-567-6403	
Sherbrooke – 50 Place de la Cite, J1H 5L8	564-5888	1-800-567-7360	821-8565
St. Hubert – 5245 Cousineau Boulevard, J3Y 7Z7	283-5300	1-800-361-2808	445-5264
Trois-Rivières – 25 des Forges Street, Suite 411, G9A 2G4	373-2723	1-800-567-9325	373-2723
ONTARIO			
Belleville – 11 Station Street, K8N 2S3	969-3706	1-800-267-8030	969-3707
Hamilton – 150 Main Street West, L8N 3E1	522-8671		572-2609
Calls from area code 416		1-800-263-9200	
Calls from area code 519		1-800-263-9210	
Kingston – 385 Princess Street, K7L 1C1	545-8371	1-800-267-9447	1 800 267 8043
Kitchener – 166 Frederick Street, N2G 4N1	579-2230	1-800-265-2530	579-8951
London – 451 Talbot Street, N6A 5E5	645-4211	1-800-265-4900	645-4244
Mississauga – 77 City Centre Drive, L5A 4E9	566-6700		566-6005
Calls from area code 416		1-800-387-1700	
Calls from area codes 519, 705		1-800-387-1710	
North York – 36 Adelaide St. E., Toronto, M5C 2V4	869-1500		865-9469
Calls from area code 416		1-800-387-1700	
Calls from area codes 519, 705		1-800-387-1710	
Ottawa – 360 Lisgar Street, K1A 0L9	598-2275		598-2300
Calls from area code 613		1-800-267-8440	
Calls from area code 819		1-800-267-4735	
St-Catharines – 32 Church Street, L2R 3B9	688-4000	1-800-263-5672	688-4000
Scarborough – 200 Town Centre Court, M1P 4Y3	296-1950		296-0104
Calls from area code 416		1-800-387-5229	
Calls from area code 705		1-800-387-5183	
Sudbury – 19 Lisgar Street South, P3E 3L5	671-0581	1-800-461-4060	671-0596
Thunder Bay – 201 North May Street, P7C 3P5	623-3443	1-800-465-6981	623-2751
Toronto – 36 Adelaide Street East, M5C 1J7	869-1500		865-9469
Calls from area code 416		1-800-387-1700	
Calls from area codes 519, 705		1-800-387-1710	
Windsor – 185 Ouellette Avenue, N9A 5S8	258-8302		252-3611
Calls from Essex County		1-800-265-4841	
MANITOBA			
Winnipeg – 391 York Avenue, R3C 0P5	983-6350	1-800-282-8079	983-3942
SASKATCHEWAN			
Regina – 1955 Smith Street, S4P 2N9	780-6015	1-800-667-7555	780-6079
Saskatoon – 201-21st Street East, S7K 0A8	975-4595	1-800-667-2083	975-4577
ALBERTA			
Calgary – 220-4th Avenue South East, T2G 0L1	292-4101		292-4225
Calls from Southern Alberta		1-800-332-1410	
Edmonton – 9700 Jasper Avenue, T5J 4C8	420-3510		420-3544
Calls from Northern Alberta		1-800-232-1966	
Calls from North West Territories and North Eastern British Columbia		1-800-661-6451	
BRITISH COLUMBIA			
Penticton – 277 Winnipeg Street, V2A 1N6	492-9200	1-800-642-8259	492-9200
Vancouver – 1166 West Pender Street, V6E 3H8	689-5411	1-800-663-9033	666-0337
Calls from Yukon Territory and North Western British Columbia		1-800-663-0451	
Victoria – 1415 Vancouver Street, V8V 3W4	388-0121	1-800-742-6108	388-3291

HEARING DISABILITY
If you are deaf or have a hearing disability and have access to a telephone device for the Deaf, telephone 1-800-665-0354*

REGULAR HOURS OF TELEPHONE AND COUNTER SERVICE
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